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1 UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

2 -----x

3 UNITED STATES OF AMERICA,

4 v.

16 Cr. 91 (PKC)

5 SCOTT TUCKER and  
6 TIMOTHY MUIR,

Trial

7 Defendants.

8 -----x

New York, N.Y.  
September 20, 2017  
9:20 a.m.

10 Before:

11 HON. P. KEVIN CASTEL

12 District Judge  
and a jury

13 APPEARANCES

14 JOON H. KIM  
Acting United States Attorney for the  
15 Southern District of New York  
BY: NIKETH V. VELAMMOOR  
16 HAGAN C. SCOTTEN  
SAGAR K. RAVI  
17 Assistant United States Attorneys

18 FREEMAN NOOTER & GINSBERG  
Attorneys for Defendant Tucker

19 BY: LEE A. GINSBERG  
NADJIA LIMANI

20 -and-

21 STAMPUR & ROTH

BY: JAMES M. ROTH

22 BATH & EDMONDS, P.A.  
Attorneys for Defendant Muir

23 BY: THOMAS J. BATH  
-and-

24 BEVERLY VAN NESS

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(Trial resumed)

MR. SCOTTEN: Your Honor, one brief point. We've handed up an instruction that I think the defendants are going to request with our first exhibit. I just wanted to make sure we brought it to the Court's attention before the jury came in.

THE COURT: When you say we've handed it up, do you mean the government's handed it up?

MR. SCOTTEN: The government has handed it up. The defense has also reviewed it and it's my understanding consents to it.

THE COURT: And both sides want me to give this instruction?

MR. SCOTTEN: Yes, your Honor.

THE COURT: Is that right?

MR. GINSBERG: Yes, your Honor.

THE COURT: All right. This is in connection with 1733. Didn't I give an instruction along these lines?

MR. SCOTTEN: You did, your Honor. It is essentially identical. We're doing another response to a similar story.

THE COURT: I see. That's fine.

Bring our jury in, please.

(Continued on next page)

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1 (Jury present)

2 THE COURT: Please be seated.

3 Good morning, ladies and gentlemen.

4 The government may call its next witness.

5 MR. SCOTTEN: And, your Honor, we're going to do that  
6 one exhibit that we handed up the instruction for.

7 THE COURT: Are you offering the exhibit?

8 MR. SCOTTEN: We are, your Honor.

9 THE COURT: Why don't you offer it.

10 MR. SCOTTEN: 1733, your Honor.

11 THE COURT: Any objection to Government Exhibit 1733?

12 MR. BATH: No, your Honor.

13 MR. ROTH: No, your Honor.

14 THE COURT: All right.

15 Ladies and gentlemen, let me explain to you, you're  
16 going to see some redactions or black markings on this exhibit,  
17 Government Exhibit 1733. They were at my direction.

18 The exhibit talks about some kind of a story or  
19 article, and the story or article proves nothing. The only  
20 reason I've allowed any reference to it is because you may hear  
21 testimony or see what persons who were alleged to be  
22 coconspirators with the defendants, or the defendants, may have  
23 done in response to the story or article, and you can only  
24 consider the story or article in the context of looking at what  
25 the response to it is. Who the article is by or what it said

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1 is not particularly important, and you're not to speculate  
2 about it.

3 Actually, I will say it's not important at all to this  
4 case.

5 All right. You may display the exhibit.

6 (Government Exhibit 1733 received in evidence)

7 MR. SCOTTEN: Ms. Grant, can we highlight the second  
8 email from the bottom, including the body. Perfect.

9 Can you highlight the "from" and now the "to" and then  
10 finally the body.

11 Could we zoom out of that and zoom into the next email  
12 above it, and again, if you'd highlight the "from," the "to"  
13 and the body.

14 Can we move on to the next one and, again, highlight  
15 the "from," the "to" and the body.

16 And the last email in this chain.

17 And we can take that down, Ms. Grant.

18 Your Honor, the government calls James Fontano.

19 THE COURT: All right.

20 JAMES FONTANO,

21 called as a witness by the Government,

22 having been duly sworn, testified as follows:

23 THE COURT: All right. You may inquire.

24 MR. SCOTTEN: Thank you, your Honor.

25 (Continued on next page)

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Fontano - Direct

1 DIRECT EXAMINATION

2 BY MR. SCOTTEN:

3 Q. Good morning, Mr. Fontano.

4 A. Good morning.

5 Q. Mr. Fontano, where are you from?

6 A. Cedar City, Utah.

7 Q. How far did you go in school, sir?

8 A. Some college.

9 Q. Do you work?

10 A. No. I'm retired.

11 Q. Did you work before you retired?

12 A. Yes.

13 Q. What did you do?

14 A. I owned and operated a corporate management business.

15 Q. And what did that business do?

16 A. Basically what we did is provide officers and directors for  
17 out-of-state owners of Nevada and Wyoming corporations.

18 Q. And did your business have a name?

19 A. Yes.

20 Q. What was that name?

21 A. It was called Privatech Group.

22 Q. And what was the purpose of providing officers and  
23 directors for out-of-state owners in Nevada and Wyoming  
24 corporations?

25 A. For all intents and purposes, it was to provide privacy for

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Fontano - Direct

1 those owners.

2 Q. And why did you incorporate in Nevada and Wyoming?

3 A. They both had the strongest corporate laws as far as being  
4 difficult to break the corporate veil.

5 Q. And where was Privatech located when you were in this  
6 business?

7 A. Carson City, Nevada.

8 Q. Did you charge for these services?

9 A. I'm sorry?

10 Q. Did you charge, did you get paid to do this?

11 A. Yes.

12 Q. How much would you charge for basic services?

13 A. It depended on what level of service, but it was somewhere  
14 between 500 and \$2,400 a year.

15 Q. And who would pay you?

16 A. The beneficial owners.

17 Q. What do you mean when you say the beneficial owner?

18 A. Well, each company had to have somebody that was benefiting  
19 from the ownership of the corporate structure, and that person  
20 is who would pay us.

21 Q. Sir, I'm going to hand you what's marked as Government  
22 Exhibit 2104 and ask you if you recognize it.

23 A. Yes, I do.

24 Q. And what is it?

25 A. It is the nominee agreement. It's the agreement that we

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Fontano - Direct

1 would enter into with the owner of the corporate structure to  
2 provide our services.

3 Q. And what is the name of the corporation in this nominee  
4 agreement?

5 A. This one is CB Service Corp.

6 MR. SCOTTEN: Your Honor, the government offers 2104.

7 THE COURT: Any objection?

8 MR. ROTH: No, your Honor.

9 THE COURT: Received.

10 (Government Exhibit 2104 received in evidence)

11 BY MR. SCOTTEN:

12 Q. And sir, can you just describe in general terms how this  
13 agreement works?

14 A. The agreement was entered into to provide our services, and  
15 the agreement basically spelled out what we could and could not  
16 do.

17 MR. SCOTTEN: Ms. Grant, could we please highlight the  
18 top paragraph and the few lines right below it.

19 Q. Mr. Fontano, who is this agreement between?

20 A. It was between Privatech Group and CB Service Corporation  
21 and Scott Tucker.

22 Q. And what is Scott Tucker's position here?

23 A. He would be the beneficial owner of the corporation.

24 MR. SCOTTEN: And we'll put this back up in a second,  
25 but just for a moment, Ms. Grant, can you put up 1734. And if

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Fontano - Direct

1 you would highlight the top area where it says company legal  
2 name and d/b/a name.

3 Q. Mr. Fontano, do you see a d/b/a name listed here for CB  
4 Service Corp.?

5 A. Yes.

6 Q. What is it?

7 A. Cash Advance.

8 MR. SCOTTEN: All right. If we could take that down  
9 and put up 2104.

10 Q. Now, you had said Scott Tucker was the beneficial owner.  
11 Have you ever met Scott Tucker?

12 A. I don't recall ever meeting him in person.

13 Q. Have you spoken with him?

14 A. Yes.

15 Q. Corresponded with him?

16 A. Yes.

17 Q. How?

18 A. Telephone and email.

19 MR. SCOTTEN: Can we turn to the second page of this  
20 agreement, Ms. Grant. And could you zoom in on paragraph C,  
21 with the initials.

22 Q. Mr. Fontano, do you have an understanding of whose initials  
23 those are?

24 A. Yes. Scott Tucker.

25 Q. And can you describe what's going on in this paragraph, why



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Fontano - Direct

1 it's initialed and what that paragraph means?

2 A. I had partners who provided people that were offshore who  
3 would stand in as a nominee shareholder, and the service was  
4 provided through PTG.

5 Q. All right. So you said before you provided officers and  
6 directors?

7 A. Yes.

8 Q. What's the difference between nominee officers and  
9 directors and nominee shareholders?

10 A. The shareholders would actually appear as the stockholders  
11 of the corporate structure as opposed to the nominee officers  
12 and directors, who would be on public record; the shareholders  
13 were not, generally speaking, part of the public record.

14 Q. And do these nominee shareholders actually own the  
15 corporation in a meaningful sense?

16 A. No. They were nominees.

17 Q. So what is their purpose, then? What do they do?

18 A. For all intents and purposes, it would be to provide  
19 anonymity or privacy.

20 Q. How does that work if they're not on the public record  
21 either?

22 A. Well, if, if somebody was to look or somehow demand  
23 knowledge of who the shareholders were, say through a court  
24 proceeding, they would then be listed as the shareholders. The  
25 nominee shareholders would be listed.

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Fontano - Direct

1 Q. So if these nominee shareholders are listed, who are the  
2 real owners?

3 A. The real owner is, again, the beneficial owner, who would  
4 be Scott Tucker in this example.

5 Q. You said these nominee shareholders were provided by a  
6 partner business of yours?

7 A. Well, a business that my partners in Privatech Group owned.

8 Q. And what was the name of this business?

9 A. I honestly don't remember. I remember that it was in  
10 Nevis.

11 Q. What's Nevis?

12 A. Nevis is an island in the Caribbean.

13 Q. Is there a reason it's located in Nevis?

14 A. I'm sorry?

15 Q. Is there a reason it was located in Nevis as opposed to,  
16 say, Nevada, where you were?

17 A. Well, being offshore was more difficult to get to. If  
18 somebody wanted to get in touch with these nominee  
19 shareholders, they would have to travel to Nevis to get there,  
20 and that was the headquarters of my partners' business.

21 Q. So with you acting as nominee officers and the folks in  
22 Nevis acting as nominee shareholders, how could somebody  
23 outside the corporation know who was actually in charge or  
24 owned it, or anything like that?

25 A. It would be very difficult.

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Fontano - Direct

1 MR. SCOTTEN: Can we turn to the last page of this  
2 agreement. And if we could blow up that last paragraph.

3 Q. If you could read that quickly to yourself, I'm going to  
4 ask just one or two questions about it.

5 A. OK.

6 Q. What did you understand -- as a party to this agreement,  
7 what did you understand this paragraph to mean?

8 A. Basically that this agreement was confidential, and the  
9 only way that it could be disclosed or any information could be  
10 disclosed would be either at the request of the beneficial  
11 owner or by an order of the court.

12 MR. SCOTTEN: And can we take that down -- actually,  
13 sorry. I just meant the blowup. My mistake. And could you  
14 then please highlight the signature matter.

15 Q. Sir, do you have an understanding of who signed this  
16 agreement, in agreement with you?

17 A. My understanding was that it was Scott Tucker.

18 Q. And could I just ask you what date Scott Tucker entered  
19 this agreement with your company?

20 A. What state?

21 Q. Sorry. The date. Date.

22 A. Oh, the date? 6/10 of '02.

23 MR. SCOTTEN: All right. We can take that down.

24 Q. Sir, I'm going to hand you what has been marked as  
25 Government Exhibit 2108. Please take a look at it and tell me

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Fontano - Direct

1 if you recognize it.

2 A. Yes, I do.

3 Q. And what is this exhibit?

4 A. This is a newer version of the nominee agreement.

5 Q. And is it with a particular company?

6 A. The company is Silver State Business Administrators.

7 MR. SCOTTEN: Your Honor, the government offers 2108.

8 MR. ROTH: No objection.

9 THE COURT: Received.

10 (Government Exhibit 2108 received in evidence)

11 BY MR. SCOTTEN:

12 Q. All right. Mr. Fontano, this agreement looks different  
13 than the last one we saw. Is it different?

14 A. The biggest difference is that this updated version does  
15 not list the beneficial owner.

16 Q. And is that a change you made to your form?

17 A. Well, it was a change that was recommended by one of the  
18 attorneys that worked for my partners.

19 Q. And what was the purpose of this change?

20 A. Just to keep the beneficial owner's name off of this  
21 document.

22 Q. To what end? Why? Why?

23 A. Again, for privacy reasons.

24 MR. SCOTTEN: Can we just highlight the top matter,  
25 above services.

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Fontano - Direct

1 Q. Who is this agreement between?

2 A. It's between Privatech Group and Silver State Business  
3 Administrators Inc.

4 MR. SCOTTEN: And could we please, very briefly, get  
5 ready to show 1736, and could you just highlight the company  
6 legal name and d/b/a name.

7 Q. Mr. Fontano, do you see a doing-business-as name --

8 A. Yes.

9 Q. -- for Silver State Business?

10 And if I could ask you to read it?

11 A. United Cash Loans.

12 MR. SCOTTEN: OK. We can take that down and go back  
13 to 2108. Can you please highlight the paragraph beginning  
14 third-party shareholders.

15 Q. And what are we looking at here, Mr. Fontano?

16 A. Well, again, this is the third-party shareholders portion  
17 of the agreement where the third-party shareholders, or nominee  
18 shareholders, are provided.

19 Q. And sir, have you reviewed this document before testifying  
20 today?

21 A. I've seen it before, yeah.

22 Q. Is it in any other significant ways, other than dropping  
23 the beneficial owner's name, different than the previous  
24 document we looked at?

25 A. Not really.

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Fontano - Direct

1 MR. SCOTTEN: And could we just go to the last page.  
2 And if we can just blow up sort of the whole signature matter.

3 Q. Sir, do you have an understanding of who the beneficial  
4 owner was for Silver State Business Administrators?

5 A. Yes.

6 Q. Who is that?

7 A. It was Scott Tucker.

8 Q. And do you see anything here that confirms that for you?

9 A. Well, the same mailing address, the same email address and  
10 phone numbers as the other agreement.

11 MR. SCOTTEN: All right. We can take that down.

12 Q. And now I'm going to hand you what is marked as 2107, and  
13 if you could please again just take a look at it and tell me if  
14 you recognize it.

15 A. Yes, I do.

16 Q. And what is it?

17 A. It is a specific power of attorney.

18 Q. And is it between -- well, who are the parties to this  
19 specific power of attorney?

20 A. There's actually three parties, Silver State Business  
21 Administrators Inc. and CB Service Corp. and Scott Tucker.

22 MR. SCOTTEN: The government offers 2107.

23 MR. ROTH: No objection.

24 THE COURT: Received.

25 (Government Exhibit 2107 received in evidence)

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Fontano - Direct

1 MR. SCOTTEN: If we could actually start with the  
2 second paragraph.

3 Q. All right. Can you summarize what this specific power of  
4 attorney does?

5 A. Basically, it gives the agent or attorney in fact full  
6 power and authority to act "on my behalf" as the president or  
7 other officers of both of those corporations.

8 Q. Do you see those corporation names here?

9 A. Yes. Silver State Business Administrators and CB Service  
10 Corp.

11 MR. SCOTTEN: Can we now go up to the first, very  
12 short paragraph.

13 Q. So who here is appointed the attorney or agent of these  
14 corporations?

15 A. Scott Tucker.

16 Q. If Scott Tucker is both a beneficial owner of these  
17 corporations and their agent, did you have any control or  
18 authority over these corporations at all?

19 A. No.

20 Q. What purpose did your involvement serve?

21 A. Basically, my -- my only purpose here would be to provide  
22 my name on the public record.

23 Q. So all these documents, other than getting your name on the  
24 public record, did they serve any purpose?

25 A. With, with the power of attorney, not that I can think of.

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Fontano - Direct

1 Q. All right. I'm going to show you what's marked as  
2 Government Exhibit 2105, and please just again take a look and  
3 tell me if you recognize it.

4 A. Yes, I do.

5 Q. What is it?

6 A. It is, again, it's a nominee agreement between Privatech  
7 Group and Executive Global Management Inc.

8 MR. SCOTTEN: Your Honor, the government offers 2105.

9 MR. ROTH: No objection.

10 THE COURT: Received.

11 (Government Exhibit 2105 received in evidence)

12 Q. Mr. Fontano, you said this was with Executive Global  
13 Management Inc.?

14 A. Yes.

15 MR. SCOTTEN: Can we very briefly show 1735. And you  
16 can either highlight a little bit more -- see where the line  
17 goes up to the company legal name? Perfect.

18 Q. And Mr. Fontano, do you see a doing-business-as name here  
19 for Executive Global Management?

20 A. Yes.

21 Q. And what is it?

22 A. Preferred Cash.

23 MR. SCOTTEN: Let's go back to 2105.

24 Q. Sir, is there any significant difference between this  
25 document and the previous document we looked at for Silver



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Fontano - Direct

1 State Business Administrators?

2 A. Only the name of the client.

3 MR. SCOTTEN: And can we just go ahead to the last  
4 page. If you could highlight that and blow it up, that would  
5 be great.

6 Q. Mr. Fontano, looking at this, do you have an understanding  
7 of who the beneficial owner of Executive Global Management was?

8 A. Yes.

9 Q. Who was that?

10 A. Scott Tucker.

11 Q. And how do you know that?

12 A. Again, the postal address, the phone numbers and the email  
13 address.

14 MR. SCOTTEN: All right, if we could take that down,  
15 and could we show 2112.

16 Q. We're just going to show you 2112 on your monitor. Sir, do  
17 you recognize Government Exhibit 2112?

18 A. Yes.

19 Q. What is it?

20 A. It is a, it's an appointment of an agent plenipotentiary  
21 for Executive Global Management Inc.

22 THE COURT: Plenipotentiary, is that what you said?

23 THE WITNESS: Yes.

24 THE COURT: Thank you.

25 MR. SCOTTEN: Your Honor, the government offers 2112.

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Fontano - Direct

1 MR. ROTH: No objection.

2 THE COURT: Received.

3 (Government Exhibit 2112 received in evidence)

4 MR. SCOTTEN: Ms. Grant, I think we want the whole  
5 thing on here, but if you could, blow up just the portion with  
6 text on it so it will be easier to read.

7 Q. Mr. Fontano, what does the appointment of an agent  
8 plenipotentiary do?

9 A. From a technical standpoint, it's very much like giving a  
10 power of attorney, but here it's just creating the position of  
11 an agent and allowing them certain things that they can do in  
12 the name of the corporation.

13 Q. And who is being appointed an agent plenipotentiary of  
14 Executive Global Management here?

15 A. Scott Tucker.

16 Q. Is this substantively different from the specific power of  
17 attorney we saw before for Silver State Business Administrators  
18 and CB Services?

19 A. Technically it's the same thing.

20 Q. So again, sir, if Scott Tucker is both the beneficial owner  
21 and agent plenipotentiary of Executive Global Management, what  
22 purpose are you serving?

23 A. I'm only on the public record for privacy purposes.

24 Q. And other than these three companies we've gone through  
25 today, did you serve as a nominee officer for any other

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Fontano - Direct

1 corporations in which Scott Tucker was the beneficial owner?

2 A. I believe that there were several companies.

3 Q. Do you remember all of their names?

4 A. I don't.

5 Q. I'm going to show you Exhibit 3521-04. Sir, can you just  
6 read this document to yourself and look up when you're done  
7 reading it.

8 Does that refresh your recollection as to the name of any  
9 other corporations that you acted as nominee for and were owned  
10 by Scott Tucker?

11 A. Yes.

12 Q. And what's the name of that company?

13 A. That one is Pinion Management.

14 Q. Do you remember about how long you acted as a nominee for  
15 Scott Tucker's corporations?

16 A. If my recollection is correct, probably about three years,  
17 maybe four years.

18 Q. So around when do you remember stopping doing so?

19 A. Around 2005.

20 Q. And after you stopped acting in that capacity, did you have  
21 any further dealings concerning Mr. Tucker's businesses?

22 A. Not that I recall.

23 Q. Were you ever contacted by someone based on having been  
24 involved with those businesses?

25 A. Yes.

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Fontano - Direct

1 Q. What happened?

2 A. I was contacted by the state of Colorado with regards to a  
3 legal proceeding that I was supposed to appear at, that I had  
4 failed to appear because I wasn't aware of it.

5 Q. Sir, do you remember the name of the person from the state  
6 of Colorado who contacted you, asked you to come appear?

7 A. I believe his name was Paul Chessin.

8 Q. And did you, in fact, meet with Mr. Chessin?

9 A. Yes, I did.

10 Q. I'm going to show you what has been marked as Government  
11 Exhibit 2113. We'll put it up on the screen, but I'll also  
12 hand you copies so you can see all the pages.

13 Sir, do you recognize 2113?

14 A. Yes.

15 Q. What is it?

16 A. It is an affidavit of James Fontano in support of a motion  
17 to quash subpoena.

18 Q. When did you first see this affidavit, Mr. Fontano?

19 A. I first saw it when Mr. Chessin, from the -- I believe he  
20 was with the state attorney general's office in Colorado,  
21 showed it to me.

22 Q. And do you purport in this affidavit to be president of a  
23 business?

24 A. Yes.

25 Q. What's the name of that business?

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Fontano - Direct

1 A. Cash Advance.

2 MR. SCOTTEN: Your Honor, the government offers 2113.

3 MR. ROTH: No objection.

4 THE COURT: Received.

5 (Government Exhibit 2113 received in evidence)

6 MR. SCOTTEN: And let's actually start at the back  
7 page.

8 Q. Sir, do you see a signature block that says James Fontano?

9 A. Yes.

10 Q. And the date next to it -- or right above it, I should say?

11 A. Yes.

12 Q. Did you, in fact, sign this affidavit on the 29th of  
13 September 2003?

14 A. No.

15 Q. Did you, in fact, sign this affidavit at any point in time?

16 A. No.

17 Q. Had you ever seen it before Mr. Chessin handed it to you?

18 A. No.

19 MR. SCOTTEN: Could we go back to the first page, and  
20 if you could just blow up paragraph 1, including the -- great.

21 Q. Sir, if you can just briefly read that paragraph to  
22 yourself and look up when you're done.

23 Did you, in fact, have personal knowledge of Cash Advance's  
24 business?

25 A. No.

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Fontano - Direct

1 Q. Or the truth of the matters in the affidavit?

2 A. No.

3 Q. Were you prepared to competently testify about the  
4 statements in this affidavit?

5 A. No.

6 MR. SCOTTEN: Can we go to the second paragraph.

7 Q. Sir, do you, in fact, know whether any of the statements in  
8 this paragraph are true?

9 A. Not to my knowledge.

10 Q. Let me be clear. You're not saying they're lies?

11 A. No, I just -- I have no idea.

12 MR. SCOTTEN: Could we go to the third paragraph,  
13 please.

14 Q. Same question, Mr. Fontano, do you know whether any  
15 statements in this paragraph are true?

16 A. I don't know.

17 Q. Were you prepared to testify to them?

18 A. No.

19 MR. SCOTTEN: And then finally, if we can highlight  
20 the last two sentences on the page, beginning paragraph 4. And  
21 on to the final page, and again highlight now the last two  
22 sentences in that paragraph.

23 Q. And again, sir, do you have any idea of whether these  
24 statements were true or whether you could testify to them?

25 A. I -- I don't know.

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Fontano - Cross

1 Q. Sir, do you know who signed this document?

2 A. I don't.

3 MR. SCOTTEN: Nothing further, your Honor.

4 THE COURT: All right. Cross-examination.

5 MR. ROTH: Thank you, your Honor.

6 CROSS-EXAMINATION

7 BY MR. ROTH:

8 Q. Good morning, Mr. Fontano.

9 A. Good morning.

10 Q. How long ago did you retire, sir?

11 A. Approximately five years ago.

12 Q. And how long were you operating Privatech, sir?

13 A. I'm sorry?

14 Q. How long were you operating Privatech, your company, for?

15 A. The company was actually owned and operated for about 20  
16 years.

17 Q. And you personally were involved for a period of time?

18 A. Yes, most of that time.

19 Q. OK. And would it be fair to say, sir, that you'd  
20 characterize it as a service industry?

21 A. Yes.

22 Q. And you were providing a service for corporations and  
23 individuals, is that correct?

24 A. Yes.

25 Q. Sometimes wealthy individuals?

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Fontano - Cross

1 A. I -- yes.

2 Q. That wanted to protect their assets or for security  
3 reasons, is that fair to say?

4 A. Yes.

5 Q. And corporations, to protect their identity, to protect  
6 themselves from lawsuits, for instance, is that correct?

7 A. Yes.

8 Q. And in some instances, for both corporations and  
9 individuals, for tax minimization purposes, is that correct?

10 A. Yes.

11 Q. And over the course of time that you were involved with  
12 Privatech, sir, how many corporations did you represent, or  
13 individuals, if you can estimate?

14 A. I believe at one time it was in the neighborhood of 750,  
15 780.

16 (Continued on next page)

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Fontano - Cross

1 Q. And is that at any given time over the course of say a year  
2 that you had 700, 750 corporations?

3 A. No, that was probably during the 20 years.

4 Q. OK. Sir, it would not be unusual for you to have a  
5 relationship, a client that had more than one corporation that  
6 you were servicing, is that fair to say?

7 A. Yes.

8 Q. And Mr. Tucker, the number of corporations he had, there  
9 was nothing unusual about that, is that fair to say?

10 A. Yes.

11 Q. Sir, is it fair to say that everything that you did at  
12 Privatech you did in accordance with the laws, is that correct?

13 A. Yes.

14 Q. In fact, I believe you just testified that you had an  
15 attorney who oversaw matters, is that correct?

16 A. He wasn't my attorney, but he was an attorney of my  
17 partner's who looked at a lot of things that we did.

18 Q. If you had a question about something, whether it was  
19 lawful or how best to do it, for instance, the contract would  
20 be revised in accordance with what the lawyer said, is that  
21 correct?

22 A. Yes.

23 Q. How many employees, sir, at the height of your operation  
24 did you have, sir?

25 A. I believe 13.

H9K8TUC2

Fontano - Cross

1 Q. When you were interfacing or speaking, interacting with the  
2 corporations that you represented, were there many times when  
3 you spoke with their attorneys as opposed to the individuals  
4 themselves?

5 A. That happened on occasion, yes.

6 Q. And you were called upon, were you not, on more than one  
7 occasion to pass resolutions on behalf of the corporations, is  
8 that fair to say?

9 A. Yes.

10 Q. And you did that in your capacity as a nominee officer, is  
11 that correct?

12 A. Yes.

13 Q. You indicated, sir, that in respect to Government Exhibit  
14 2113 -- do you have that still in front of you, sir?

15 A. Yes.

16 Q. That's a statement that you said you did not make, is that  
17 correct?

18 A. That's correct.

19 Q. By the way, is that an affidavit, was that sworn before a  
20 notary?

21 A. I don't see one on there.

22 Q. Is it fair to say, sir, that -- withdrawn.

23 Is it fair to say, sir, that people in your office in  
24 Privatech had your signature stamp, a facsimile of your  
25 signature?

H9K8TUC2

Fontano - Cross

1 A. There were times that that was used, yes.

2 Q. My first question is, did they have your signature, a block  
3 of your signature?

4 A. Yes.

5 Q. When you say there were times that that was used, was that  
6 used for convenience when say you were out of town or on  
7 vacation or on a business trip?

8 A. Yes.

9 Q. Besides the employees in Privatech, did anyone else have  
10 your signature block, for instance, any of the related  
11 companies?

12 A. Not that I'm aware of.

13 Q. Did somebody at Laughlin, which was a related corporation,  
14 have a stamp?

15 A. I don't believe they did.

16 MR. ROTH: I would ask that the witness just be shown  
17 3521-04, page 112.

18 Q. I ask you to read that to yourself at the bottom there,  
19 sir, and see if that refreshes your recollection.

20 Does that refresh your recollection now, sir, that somebody  
21 in the Laughlin group had your signature stamp?

22 A. Yes, it looks like they did.

23 Q. Sir, is it also fair to say, sir, that there would be  
24 people who had access to your signature stamp that signed  
25 documents without consulting you first from time to time, not

H9K8TUC2

Fontano - Cross

1 as a regular matter, but from time to time?

2 A. Not that I'm aware of.

3 MR. ROTH: I would ask that the witness be shown in  
4 the same 3500 series, page 113 at the top. The second  
5 question -- if you could highlight that Eli -- and the answer  
6 that follows that.

7 Blow that up, and as well the next.

8 Q. Take a moment and read that, sir.

9 A. OK.

10 Q. Now, does that refresh your recollection whether on  
11 occasion, on occasion, people signed your name without your  
12 authority?

13 A. According to that --

14 THE COURT: No, no. Sir, the question is, take a look  
15 at it, read it. Then put it aside and ask yourself the  
16 question, having read that, do you now have a new and refreshed  
17 recollection on the subject. That's what you're being asked.

18 So read it, take a look at it, think about it, and do  
19 you have a new and refreshed recollection? The answer is yes,  
20 you do; no, you don't.

21 A. I guess I'd have to say yes.

22 Q. Thank you, sir.

23 MR. ROTH: No further questions.

24 THE COURT: Any further cross?

25 MR. BATH: No, sir. Thank you.

H9K8TUC2

Fontano - redirect

1 THE COURT: Go ahead.

2 REDIRECT EXAMINATION

3 BY MR. SCOTTEN:

4 Q. Mr. Fontano, do you still have that signature page in front  
5 of you --

6 A. Yes.

7 Q. -- on that affidavit?

8 Is that your signature?

9 A. No.

10 Q. How do you know it's not your signature?

11 A. Because it doesn't look anything like my signature.

12 Q. Did you have any signature stamps that had signatures that  
13 didn't look anything like your signature?

14 A. No.

15 Q. So is there any chance that's a signature stamp you had or  
16 authorized somebody to use?

17 A. No.

18 Q. To be clear, how common was it in your business to find out  
19 that someone signed a false court affidavit in your name?

20 A. It was not common at all.

21 MR. SCOTTEN: No further questions.

22 THE COURT: Sir, you may step down. Thank you.

23 (Witness excused)

24 THE COURT: Government may call its next witness.

25 MR. SCOTTEN: The government offers Exhibit 2109.

H9K8TUC2

Fontano - redirect

1 THE COURT: Any objection?

2 MR. ROTH: No objection, Judge.

3 THE COURT: Received.

4 (Government's Exhibit 2109 received in evidence)

5 MR. SCOTTEN: Would you publish it to the jury.

6 Blow up everything above the signature block to make  
7 it easier to read.

8 Ms. Grant, I would ask you to highlight who this  
9 message is from and who it is to.

10 Ms. Grant, if you see the name Chessin anywhere in  
11 there, you can highlight it.

12 If we can remove those highlights, just highlight the  
13 last sentence in the main paragraph beginning "bad news."

14 All right. We can take that down.

15 Your Honor, the government also offers 2111.

16 MR. ROTH: No objection, Judge.

17 THE COURT: Received.

18 (Government's Exhibit 2111 received in evidence)

19 MR. SCOTTEN: And if we can start by blowing up the  
20 top half.

21 Ms. Grant, can I ask you to highlight both the cc and  
22 the subject.

23 We can zoom back out and I am just going to ask you to  
24 zoom in on a couple of names so the jury can see them.

25 Can you start with CB Services Corporation.

H9K8TUC2

Irby - direct

1 Can we also do NM Service Corp.  
2 Above that, zoom in on Executive Global Management.  
3 Then at the bottom of the page, Pinion Management.  
4 We can go to the second page.  
5 There, Silver State Administrators.  
6 And Universal Management Services.  
7 Then finally, can you just highlight the address and  
8 the words "overnight to."

9 MR. VELAMOOD: The government calls Alton Irby.

10 ALTON IRBY,  
11 called as a witness by the government,  
12 having been duly sworn, testified as follows:

13 THE DEPUTY CLERK: State your name and spell it for  
14 the record, please.

15 THE WITNESS: Alton Irby. A-L-T-O-N, I-R-B-Y.

16 THE COURT: You may inquire.

17 DIRECT EXAMINATION

18 BY MR. VELAMOOD:

19 Q. Good morning, Mr. Irby.

20 A. Good morning.

21 Q. How old are you, sir?

22 A. I'm 77.

23 Q. How far did you go in school?

24 A. How far did I?

25 Q. Go in school.

H9K8TUC2

Irby - direct

1 A. I have got a bachelor's degree from Georgia Institute of  
2 Technology.

3 Q. When did you get that degree?

4 A. I graduated in 1962.

5 Q. What did you do after you graduated?

6 A. I joined the U.S. Marine Corp.

7 Q. After you finished your service, what kind of work did you  
8 do next?

9 A. I was an insurance broker in Atlanta, Georgia.

10 Q. Are you familiar with a company called London Bay Capital?

11 A. I am.

12 Q. How are you familiar with it?

13 A. I formed London Bay Capital in early 2007 with two  
14 partners.

15 Q. Who were the two partners you formed it with?

16 A. Sam Humphreys and Douglas Tulley.

17 Q. What kind of business is London Bay Capital?

18 A. It's a private equity investing firm.

19 Q. When you say private equity, what do you mean?

20 A. On behalf of ourselves and other investors we invest money  
21 in companies. We buy companies and operate them and eventually  
22 sell them.

23 Q. As part of your work at London Bay Capital, are you  
24 familiar with a company called Selling Source?

25 A. I am.



H9K8TUC2

Irby - direct

1 Q. How did you first hear about this company?

2 A. I heard about Selling Source in 2006 from my partner Sam  
3 Humphreys.

4 Q. At that time what did you know about Selling Source?

5 A. That it was in the business of producing leads for subprime  
6 lenders, payday lenders.

7 Q. Do you know whose company it was at the time?

8 A. I learned at the time that it was owned principally by two  
9 people, Scott Tucker and Derek LaFavor.

10 Q. When you heard about it from Sam Humphreys, your partner,  
11 were you and he at London Bay interested in acquiring Selling  
12 Source?

13 A. He mentioned to me as a potential acquisition, yes.

14 Q. Did you have further discussions about a possible  
15 acquisition of Selling Source?

16 A. We did.

17 Q. Did you ultimately in fact buy it?

18 A. We in fact did buy it.

19 Q. Before we talk about that purchase, tell me a little bit  
20 more about Selling Source. Were there different components to  
21 that business?

22 A. The principal components of the business was what we call  
23 lead generation, and that was done by the principal's  
24 subsidiary called PartnerWeekly. It was in the business of  
25 procuring customers for subprime lenders, mainly online, on the

H9K8TUC2

Irby - direct

1 Internet. It had a second business that was called DataX.

2 Q. Before you talk about DataX, when you say procure lenders,  
3 in essence, did PartnerWeekly find possible or potential payday  
4 borrowers and find them on behalf of the payday lenders?

5 A. Yes. We found potential borrowers and we then sold those  
6 leads or those applications for loans to a number of payday  
7 lenders.

8 Q. Now, you mentioned PartnerWeekly. You were about to talk  
9 about DataX.

10 A. Yes.

11 Q. What was DataX?

12 A. DataX was a newly-formed subsidiary that was a credit  
13 reporting agency.

14 Q. When you said "credit reporting," what do you mean?

15 A. It validated the credit of potential borrowers.

16 Q. Is it sort of like an Equifax or --

17 A. Much smaller, but yes.

18 Q. Are you familiar with something called eCash?

19 A. Yes, I am.

20 Q. Was that also part of Selling Source?

21 A. It was. It was a software program that was used to process  
22 the leads that we sold to lenders.

23 Q. So now you testified before that London Bay Capital  
24 ultimately purchased Selling Source, right?

25 A. That's correct.

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Irby - direct

1 Q. And again, who did London Bay Capital purchase Selling  
2 Source from?

3 A. The principal owners of Selling Source was Scott Tucker and  
4 Derek LaFavor.

5 Q. How much, approximately, did London Bay Capital pay Tucker  
6 and LaFavor for Selling Source?

7 A. It was approximately \$90 million.

8 Q. Was all of that cash or were there other components?

9 A. Roughly 60 million in cash and 30 million in notes.

10 Q. When you say "notes," what do you mean?

11 A. That was debt that was owed to Tucker and LaFavor over a  
12 period of years.

13 Q. As far as you recall, was the 90 million split roughly  
14 equally between Mr. Tucker and Mr. LaFavor?

15 A. As far as I know, yes.

16 Q. Let me show you what has been marked as Government Exhibit  
17 2801. The pages will also come up on your screen.

18 Do you recognize 2801?

19 A. I do.

20 Q. What is it?

21 A. It is the sale and purchase agreement for the acquisition  
22 of Selling Source by London Bay Capital.

23 MR. VELAMOOR: The government offers 2801.

24 MR. BATH: No objection.

25 THE COURT: Received.

H9K8TUC2

Irby - direct

1 (Government's Exhibit 2801 received in evidence)

2 BY MR. VELAMOOR:

3 Q. Mr. Irby, this is a very long agreement and we are  
4 certainly not going to go read all of it or go over it.

5 Specific pages will come up on the screen next to you. So  
6 it may be easier for you to just focus on the screen.

7 Why don't we go first to publish the cover page.

8 There are various entities mentioned there. Do you see  
9 that?

10 A. Yes.

11 Q. Again, there are many individuals as well as entities. But  
12 in general terms, is this, generally speaking, your purchase by  
13 London Bay from Tucker and LaFavor and various entities  
14 associated with those two individuals?

15 A. And some other individuals, yes.

16 Q. Why don't we turn to the sixth page, LB6 on the bottom.

17 Again, is this essentially, after the table of contents,  
18 the first page of the agreement?

19 A. Yes.

20 Q. Do you see Scott Tucker mentioned there in the first  
21 paragraph, around the fifth or sixth line from the bottom?

22 A. Yes.

23 MR. VELAMOOR: Just highlight that as well.

24 Q. Do you also see a company called Black Creek Capital?

25 A. I do.

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Irby - direct

1 Q. Why don't we turn to the ninth page of the PDF.

2 The second line from the bottom, it says, "CLK."

3 Do you see that?

4 A. I do.

5 Q. Were you familiar with a company named CLK?

6 A. I am.

7 Q. What was CLK?

8 A. CLK was the principal lender that we sold leads to.

9 Q. Was that the principal lender at the time London Bay  
10 acquired Selling Source?

11 A. That's correct.

12 Q. Whose company was CLK?

13 A. I believe it was Scott Tucker's company.

14 MR. VELAMoor: I think we are highlighting the wrong  
15 line.

16 Q. At the time that London Bay acquired Selling Source, you  
17 said that CLK was the principal lender.

18 When you say principal, approximately how much of Selling  
19 Source's leads were being sold to CLK?

20 A. I suspect, I believe, about 50 percent of the revenue was  
21 derived from CLK.

22 Q. Was there a provision that was part of this overall  
23 acquisition agreement to ensure that CLK continued to be a  
24 customer of Selling Source even after London Bay bought it?

25 A. Yes. As part of the purchase agreement, we ensured that we

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Irby - direct

1 had a ten-year exclusive contract with CLK to sell leads to  
2 them, for them to buy leads from us.

3 Q. When you say "exclusive contract"?

4 A. Selling Source.

5 Q. Who is obligated to do what under this agreement?

6 A. CLK was obligated to buy leads from Selling Source for ten  
7 years.

8 Q. Why was that important to London Bay to include as part of  
9 this agreement?

10 A. Because it was 50 percent of the revenue of the business we  
11 were buying, and the owner of the business that we were buying  
12 also owned CLK.

13 Q. So this paragraph we are highlighting mentions that CLK at  
14 the meeting defined in a different section of the agreement,  
15 4.12(e).

16 Do you see that?

17 A. I do.

18 MR. VELAMOOR: Let's turn to the 36th page of the PDF.  
19 Can we highlight the paragraph (e) and also just the heading of  
20 the next one.

21 Q. Do you see that paragraph there?

22 A. I do.

23 Q. Can you read that paragraph.

24 A. "The Master Services Agreement among Red Rock Colocation  
25 Solutions, LLC and CB Services Corporation, Global Management,

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Irby - direct

1 Inc., National Money Services, Silver State Business  
2 Administrators, Inc., and Universal Management Services, Inc.  
3 (collectively, such entities are referred to as "CLK") requires  
4 and will require for the ten-year period following the date of  
5 this agreement CLK to purchase all of its online leads from  
6 buyer sub and its affiliates, consistent with past practice  
7 among CLK, sellers and the predecessors."

8 Q. Now, in simple terms, is this part of the agreement that  
9 essentially reflects the exclusive agreement you just  
10 discussed?

11 A. It is.

12 Q. This paragraph I believe defines the term CLK to include  
13 several entities.

14 A. That's correct.

15 Q. Are those entities CB Services Corp., Global Management,  
16 National Money Service, Silver State Business Administrators,  
17 and Universal Management Services?

18 A. That's correct.

19 MR. VELAMOOR: Why don't we turn to the 107th page of  
20 the PDF. Let's start by highlighting the (a) section at the  
21 top.

22 Q. What does this section indicate?

23 A. This is a description of the percentage of total revenues  
24 that were reflected for these customers.

25 Q. The customers are CB Services, d/b/a Ameriloan.

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Irby - direct

1 Do you see that?

2 A. That's right.

3 Q. Silver State Business Administrators is d/b/a United Cash  
4 Loans?

5 A. That's correct.

6 Q. Executive Global Management, d/b/a says One Click Cash.

7 Do you see that?

8 A. Yes.

9 Q. Also Universal Management Services?

10 A. Yes.

11 Q. NM Services, Inc., d/b/a 500 FastCash?

12 A. Yes.

13 Q. It also mentions Check Giant, TC Financial, and MTE  
14 Financial Services.

15 Do you see that?

16 A. That's correct.

17 Q. The biggest buy, I guess in terms of potential revenue, are  
18 CB Services, Silver State, Executive, Universal and NM,  
19 correct?

20 A. That's correct.

21 MR. VELAMOOD: Can we turn to the 115th page of the  
22 exhibit.

23 Q. Can you read the title and the top paragraph, please.

24 A. "Schedule 4.28, Affiliate and Related Party Transactions.

25 "Scott Tucker owns and/or controls Executive Global



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Irby - direct

1 Management, Inc., NM Service Corp., CB Services Corporation,  
2 Silver State Business Administrators, Inc., and Universal  
3 Management Services, Inc. These companies represent sellers,  
4 the largest customers.

5 "WebYes, LLC" --

6 Q. Just the top paragraph is fine.

7 Are those entities you mentioned the entities that are  
8 subject to the ten-year exclusive agreement?

9 A. That's correct.

10 MR. VELAMOOR: Let's turn to the 71st page of this  
11 PDF.

12 Q. Can you make out who signed at the bottom?

13 A. It says Scott Tucker.

14 MR. VELAMOOR: We can take that down.

15 Q. Mr. Irby, around the time of this acquisition agreement we  
16 just discussed, were you aware of any other agreement that also  
17 memorializes this ten-year exclusive agreement?

18 A. There would have been a master services agreement.

19 Q. I am going to show you what has been marked as 2802,  
20 Government Exhibit 2802.

21 Have you had a chance to look at 2802?

22 A. I have.

23 Q. What is it?

24 A. It's a master services agreement.

25 MR. VELAMOOR: Your Honor, the government offers 2802.

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Irby - direct

1 MR. BATH: No objection.

2 THE COURT: Received.

3 (Government's Exhibit 2802 received in evidence)

4 MR. VELAMOOR: Can we just highlight the top  
5 paragraph, please.

6 A. "The Master Services Agreement ('Agreement') is made as of  
7 the effective date specified at the end of this agreement by  
8 and between the Selling Source, Inc., a Nevada corporation  
9 having a principal place of business at 325 East Warm Springs,  
10 Suite 200, Las Vegas, Nevada 89119 (together" --

11 Q. You can skip the paren.

12 A. OK.

13 "(Together with its subsidiaries and affiliates,  
14 hereinafter referred to as 'the Company') and CB Services  
15 Corporation, Executive Global Management, Inc., NM Services  
16 Corporation, Silver State Business Administrators, Inc.,  
17 Universal Management Services, Inc., CLK Management and other  
18 entities which are or may become affiliated with CLK Management  
19 or Mr. Scott Tucker (collectively 'Customer'))."

20 Q. Do you understand this to be essentially the agreement  
21 provided for the ten-year exclusive customer relationship for  
22 the CLK-related entities?

23 A. That's correct.

24 Q. To your knowledge, when was this agreement effective?

25 A. It would have been effective at the time of the sale and

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Irby - direct

1 purchase agreement.

2 Q. Which is the agreement we just looked at before?

3 A. Sorry?

4 Q. That's the agreement we just went through?

5 A. Exactly.

6 MR. SCOTTEN: Can we put back up 2801. Just highlight  
7 the date on the bottom of the first page.

8 A. December 21, 2007.

9 Q. So both of these agreements would have been effective  
10 December 21, 2007?

11 A. That's correct.

12 Q. Let's go back to 2802, to the eighth page.

13 Who signed this agreement?

14 A. Derek LaFavor and Scott Tucker.

15 MR. VELAMOOR: We can take that down.

16 Q. Are you familiar with a company called Red River Ventures?

17 A. I am.

18 Q. Briefly, what was that company?

19 A. Red River Ventures was a newly formed company that became a  
20 customer of Selling Source. It was a lender, a payday lender.

21 Q. Did you at a certain point hear a problem or an issue  
22 relating to that company?

23 A. I did.

24 Q. Who did you hear that from?

25 A. I believe Tim Muir called my partner Sam Humphreys.

H9K8TUC2

Irby - direct

1 Q. To say what?

2 A. To say that his client had discovered, AMG had discovered  
3 that Red River Ventures was stealing customer information from  
4 Selling Source's computer systems and that those customers were  
5 customers of AMG but that Red River were reselling those  
6 customers to other lenders.

7 Q. You said Tim Muir --

8 A. I beg your pardon. Not reselling. Red River was lending  
9 money to those customers.

10 Q. Red River, at least the claim, was lending money to people  
11 who came from leads that Mr. Muir believed belonged to AMG?

12 A. We, Selling Source, had sold leads to AMG, but these leads  
13 were being siphoned out of our IT system and loans were being  
14 made to those leads by Red River.

15 Q. You said Mr. Muir. Who is Mr. Muir as far as you knew at  
16 that point?

17 A. I believe he was the lawyer to AMG Services and Mr. Tucker.

18 Q. OK. After you heard this information, what did you do  
19 next?

20 A. They asked us to investigate to see if that was correct.

21 Q. Who is "they"?

22 A. Mr. Muir acting on behalf of AMG.

23 Q. Did you take any steps?

24 A. Yes. We had a private investigator and we had a lawyer in  
25 San Francisco.

H9K8TUC2

Irby - direct

1 Q. Did you, after consulting with the lawyer, participate in  
2 any kind of legal steps?

3 A. Yes. The lawyer advised, because this information was  
4 being held on servers owned by Red River, the lawyer and  
5 private investigator recommended that we execute a civil search  
6 warrant to effectively capture those servers and determine what  
7 information was resident there.

8 Q. In order to get that civil search warrant, did you have to  
9 sign any kind of legal document?

10 A. Our lawyer prepared a declaration for me to sign which was  
11 used to present to the court in Las Vegas to obtain a federal  
12 search warrant.

13 Q. Did you take a look at and then sign that affidavit?

14 A. Yes. It was done on a Friday so that it could be served  
15 over the weekend.

16 Q. Let me show you what has been marked as 2803.

17 Have you had a chance to look at 2803?

18 A. I have.

19 Q. What is it?

20 A. It is a declaration.

21 Q. Is it yours?

22 A. It's my declaration that I made, yes.

23 Q. Did you sign it?

24 A. I did.

25 MR. VELAMOOR: The government offers 2803.

H9K8TUC2

Irby - direct

1 MR. BATH: No objection.

2 THE COURT: Received.

3 (Government's Exhibit 2803 received in evidence)

4 MR. VELAMOOR: Can we turn to the second page, please,  
5 and the fourth paragraph.

6 BY MR. VELAMOOR:

7 Q. Can you read what you said in that paragraph?

8 A. "Selling Source largest customer is AMG, to whom it  
9 provides many services, principally the sale of consumer leads.  
10 The leads sold to AMG are exclusive and proprietary to AMG as  
11 well as to Selling Source. London Bay works consistently with  
12 the owner of AMG to help manage its relationship with Selling  
13 Source. In 2008, AMG paid over \$80 million to Selling Source."

14 Q. When you said there the owner of AMG, who were you  
15 referring to?

16 A. In this declaration, I was referring to Scott Tucker.

17 Q. It says there that in 2008 AMG paid over 80 million to  
18 Selling Source. Is that about how much Selling Source got from  
19 AMG in 2008?

20 A. That was what we received from AMG, yes.

21 Q. Let's turn to the next page, paragraph 8.

22 Can you read what you wrote there?

23 A. "On Sunday, July 12, I met with Scott Tucker, the owner and  
24 principal manager of AMG, Selling Source's largest customer.  
25 There were others at our meeting from Selling Source, London

H9K8TUC2

Irby - direct

1 Bay and AMG, including Selling Source's security adviser, Steve  
2 Gudelj. Selling Source is in contact with AMG to provide leads  
3 under a master services agreement, which was entered into  
4 initially with other entities controlled by Scott Tucker and  
5 which has been expanded to include AMG as a party to the master  
6 services agreement."

7 Q. When you signed this, did you believe Mr. Tucker was owner  
8 and principal manager of AMG?

9 A. Actually he was, yes.

10 Q. Why did you assume he was?

11 A. Well, the original customer of ours was CLK. At some  
12 point, after 2007, CLK changed its name to AMG, and so I  
13 assumed the ownership remained the same.

14 Q. Did anything about Selling Source's or your interactions  
15 with AMG change after that name change?

16 A. Not that I was aware of.

17 Q. Anything about your dealings with Mr. Tucker change after  
18 that name change?

19 A. Not that I was aware of.

20 Q. Now after you filed this declaration, what happened next?

21 A. We filed the declaration with the court in Nevada and the  
22 next day after filing the declaration, my partner Sam Humphreys  
23 received a call from Tim Muir, counsel to Mr. Tucker, who said  
24 that the declaration was not accurate and that they wished me  
25 to amend the declaration.

H9K8TUC2

Irby - direct

1 Q. Did Mr. Muir say which parts he thought were inaccurate?

2 A. He said AMG was not owned --

3 MR. BATH: Objection. I think the witness is talking  
4 about what Humphreys told him. As long as we make that  
5 clarification. I don't think he talked to Mr. Muir directly.

6 THE COURT: Did you talk to Mr. Muir directly?

7 THE WITNESS: I did not.

8 THE COURT: Go ahead.

9 You want to finish your answer?

10 A. Repeat the question, please.

11 Q. According to Mr. Humphreys, what did Mr. Muir believe was  
12 inaccurate in your declaration?

13 A. According to Mr. Humphreys, Mr. Muir said AMG was not owned  
14 by Mr. Tucker.

15 Q. Were you asked to take any steps?

16 A. I was asked to change the declaration, to amend the  
17 declaration to reflect that fact.

18 Q. Did you in fact agree to do that?

19 A. I did.

20 Q. Did that ultimately happen?

21 A. It did happen.

22 Q. Was it changed or was some other step taken?

23 A. The paragraphs that referred to Mr. Tucker as owner of AMG  
24 were redacted from the declaration and it was refiled.

25 Q. I will show you what has been marked as 2804.



H9K8TUC2

Irby - direct

1 Have you had a chance to look at 2804?

2 A. I have.

3 Q. What is 2804?

4 A. It is the amended declaration.

5 MR. VELAMOOR: Your Honor, the government offers 2804.

6 MR. BATH: No objection.

7 THE COURT: Received.

8 (Government's Exhibit 2804 received in evidence)

9 MR. VELAMOOR: Can we just turn to the second page,  
10 please.

11 BY MR. VELAMOOR:

12 Q. Does paragraph 4 appear anymore in this version of the  
13 affidavit?

14 A. No, it's been redacted.

15 Q. Is that one of the paragraphs we just read from the  
16 previous version?

17 A. It is.

18 Q. Let's turn to the next page.

19 Paragraph 8, does that paragraph appear in this version of  
20 the affidavit?

21 A. It's also been redacted.

22 Q. Again, is that also one of the paragraphs we just looked  
23 at?

24 A. It is.

25 Q. I am going to show you what has been marked as 2805.

H9K8TUC2

Irby - direct

1 Have you had a chance to look at 2805?

2 A. I have.

3 Q. What is it?

4 A. It is an e-mail from Tim Muir sent to Scott Tucker and  
5 Blaine Tucker.

6 Q. Is that an e-mail forward of an earlier e-mail?

7 A. It is.

8 Q. What does the earlier e-mail pertain to?

9 A. The earlier e-mail is from Andrew Gordon, who is the  
10 attorney to Selling Source, sent to Tim Muir, me, Sam Humphreys  
11 and Douglas Tulley, a copy to Brian Grubb and Patrick Murch.

12 Q. Does this e-mail generally pertain to this issue that we  
13 have been talking about, these declarations?

14 A. It refers to the original declaration being sealed.

15 MR. VELAMOOD: The government offers 2805.

16 MR. BATH: No objection.

17 THE COURT: Received.

18 (Government's Exhibit 2805 received in evidence)

19 BY MR. VELAMOOD:

20 Q. So the earlier e-mail you mentioned, Mr. Gordon's e-mail,  
21 he is attaching the judge's order sealing the original  
22 documents that had not been redacted?

23 A. That's correct.

24 Q. There is a subsequent e-mail from Mr. Muir to Mr. Tucker.  
25 Do you see that?

H9K8TUC2

Irby - direct

1 A. Yes.

2 Q. What is the substance of Mr. Muir's e-mail? What does he  
3 say?

4 A. Mr. Muir said it was great news.

5 Q. Mr. Irby, just a couple of more questions.

6 Did there come a time when you were deposed in connection  
7 with a California class action case?

8 A. I was.

9 Q. What, generally speaking, did that case relate to?

10 A. It's a case brought, a class action alleging that Selling  
11 Source was selling leads in California.

12 Q. Did it generally relate to payday lending activities?

13 A. Yes, selling leads to unlicensed payday lenders in  
14 California.

15 Q. To your knowledge, did this issue with these declarations  
16 come up during that deposition?

17 A. It was shown to me as part of it, yes.

18 Q. From your work in this area, did you become aware of Mr.  
19 Tucker's interest in car racing?

20 A. I knew he was involved in car racing, yes.

21 Q. Did Selling Source have any kind of relationship or  
22 involvement in Mr. Tucker's car racing activities?

23 A. I think for one year we sponsored the -- we were a sponsor  
24 of his racing team, yes.

25 Q. Do you recall approximately how much that sponsorship was?

H9K8TUC2

Irby - direct

1 A. I don't remember. It was a couple hundred thousand, I  
2 think.

3 Q. Do you know why Selling Source sponsored Mr. Tucker's  
4 racing?

5 A. He was our largest customer and he asked us to sponsor his  
6 racing team.

7 Q. Was the purpose to maintain a good business relationship?

8 A. Maintain a business relationship with our largest customer.

9 MR. VELAMoor: No further questions.

10 THE COURT: All right. Any cross?

11 MR. BATH: Yes, please.

12 THE COURT: I will tell you what. Mr. Bath, why don't  
13 we give you a few minutes and we will take a break and we will  
14 pick up in ten minutes with the cross-examination.

15 Remember, ladies and gentlemen, do not discuss the  
16 case among yourselves or with anyone.

17 See you in ten minutes. Thank you.

18 (Jury exits courtroom).

19 THE COURT: See you in ten minutes. Thank you.

20 (Recess)

21 (Continued on next page)

H9kWtuc3

Irby - Cross

1 THE COURT: All right. Mr. Eldridge, if you'll bring  
2 the jury in.

3 (Jury present)

4 THE COURT: All right. Please be seated.

5 Mr. Bath, whenever you're ready.

6 MR. BATH: Thank you.

7 CROSS-EXAMINATION

8 BY MR. BATH:

9 Q. Mr. Irby, as I understand it, you're in the business of  
10 buying companies, getting them in better shape and selling  
11 them?

12 A. That's correct.

13 Q. You've been doing that a long time?

14 A. I've been doing this the last ten years, yeah.

15 Q. All right. And this purchase you talked about initially,  
16 London Bay buying Selling Source, was about a \$90 million deal?

17 A. About that size, yes.

18 Q. Is that the typical kind of deal you might do?

19 THE COURT: Rephrase that. Typical size, typical  
20 what?

21 MR. BATH: Thank you, Judge.

22 Q. Typical in terms of money exchanged.

23 A. It would be typical, yes.

24 Q. Before you agreed to purchase Selling Source, I assume  
25 there was some due diligence that was done?

H9kWtuc3

Irby - Cross

1 A. There was extensive due diligence done, yes.

2 Q. I assume you probably had banks or other financial people  
3 behind your company to loan you some of the money used in the  
4 purchase?

5 A. Are you asking if we had investors behind --

6 Q. Yes, or banks that were loaning you money for this  
7 purchase.

8 A. Yes, we did.

9 Q. When you do due diligence on a company, what does that  
10 mean?

11 A. Well, we would --

12 THE COURT: You're asking when he does due diligence?

13 MR. BATH: Yes.

14 THE COURT: OK.

15 When you do due diligence, what does that mean?

16 A. We typically hire an accounting firm, a legal firm, and we  
17 may have other consultants, depending on the nature of the  
18 business we're buying.

19 Q. And you're essentially looking at the health of the  
20 company?

21 A. That's correct.

22 Q. You did that in this case on Selling Source?

23 A. We did.

24 Q. Did that take a while?

25 A. It did.

H9kWtuc3

Irby - Cross

1 Q. How long?

2 A. My guess, nine months it took.

3 Q. Attorneys were involved?

4 A. I'm sorry?

5 Q. Attorneys were involved?

6 A. Attorneys were involved, yes.

7 Q. Do you recall that Mr. Muir was not involved in this  
8 transaction, if you know?

9 A. I didn't -- I wasn't in, I wasn't directly or intimately  
10 involved in the due diligence. I don't know what role Mr. Muir  
11 played in the negotiations to buy the company.

12 Q. Fair enough. The contract between London Bay and Selling  
13 Source was completed about December of 2007, correct?

14 A. That's correct.

15 Q. And you also, we talked about and saw, there was a 2007, or  
16 so, master service agreement, correct?

17 A. That is correct.

18 Q. And that master service agreement was between CLK and  
19 Selling Source?

20 A. That's correct.

21 Q. The master service agreement was not between London Bay and  
22 AMG?

23 A. That's -- you're correct. It was not.

24 Q. The purpose of the master service agreement is you wanted  
25 to secure for the ten-year period a steady stream of business?

H9kWtuc3

Irby - Cross

1 A. That's correct.

2 Q. At some point -- you testified to this in direct. At some  
3 point that agreement, or there were other agreements that  
4 affected your business and the leads, is that correct?

5 A. You have to be specific in terms of other agreements.

6 Q. Fair enough. Were there other master service agreements  
7 entered into between Selling Source and, for instance, the  
8 Miami tribe?

9 A. There could have been. I don't have any direct knowledge  
10 of those.

11 Q. I have copies to show you, but if you don't think that will  
12 refresh your memory, I won't do that. You never saw those?

13 A. I didn't see them, no.

14 Q. OK. Can you tell me who Glenn McKay is?

15 A. Glenn McKay is currently the chief executive of Selling  
16 Source.

17 Q. OK. And when did he start to become the chief executive?

18 A. He became chief executive when Mr. Derek LaFavor retired  
19 from Selling Source.

20 Q. When did that take place?

21 A. My guess, it had been 2010, 2011.

22 Q. Would Glenn McKay have been with the company, though, in  
23 2008?

24 A. He was. He was chief operating officer at the time we  
25 acquired the company.



H9kWtuc3

Irby - Cross

1 Q. All right. And I assume you've got lots of companies you  
2 own?

3 A. We have a few that we own, yes.

4 Q. Right. And so sometimes the day-to-day operations are  
5 conducted by other people?

6 A. That's exactly correct, yes.

7 Q. You're not saying that Selling Source didn't enter into  
8 agreements with, for instance, the Miami tribe; you just don't  
9 have personal knowledge of those?

10 A. I wouldn't have had -- I'm chairman of London Bay and the  
11 direct operations of Selling Source are dealt with by other  
12 people.

13 Q. All right. Thank you so much.

14 Now you talked about at some point in time Tim Muir talked  
15 to Sam about potential thefts of data from you?

16 A. Sam Humphreys, yes.

17 Q. Sam, Sam Humphreys. I'm sorry.

18 A. Yes.

19 Q. And then Sam contacted you?

20 A. We're in the same office, so he --

21 Q. OK. Whether he saw you that day or he telephoned you --

22 A. Exactly.

23 Q. -- he relayed the information, is that correct?

24 A. That's correct.

25 Q. And there was a concern that essentially Red River, which

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Irby - Cross

1 was a competitor of yours, was stealing data?

2 A. Red River was a customer of ours.

3 Q. Sorry. And they were stealing the leads?

4 A. They were stealing data. They had actually penetrated our  
5 IT system and were actually stealing the information; that is,  
6 information on people who were borrowing money. We had sold  
7 those leads to AMG, and they were recycling, effectively, those  
8 leads.

9 Q. You followed up on the information that Tim provided to  
10 Mr. Humphreys and determined it was accurate?

11 A. That's correct.

12 Q. You hired some lawyers and a private detective and  
13 essentially went after Red River?

14 A. That's correct.

15 Q. And in that lawsuit that you filed against Red River, you  
16 made the declaration we saw?

17 A. That's correct.

18 Q. Where you believed at the time that Mr. Tucker was the  
19 owner of AMG?

20 A. That's what I believed, yes.

21 Q. Then there was subsequent contact by Mr. Muir to, again,  
22 Mr. Humphreys or your lawyer, or somebody?

23 A. To Mr. Humphreys.

24 Q. All right. Indicating that that was not accurate in the  
25 declaration?

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Irby - Redirect

1 A. That's correct.

2 Q. You and your lawyers then, I assume, looked into it, did  
3 something about it?

4 A. That's correct. We were told he was not the owner and  
5 asked us to correct it. We said we would do so.

6 Q. And you corrected it?

7 A. We did.

8 Q. And that's the other document the government showed us,  
9 correct?

10 A. That's correct.

11 Q. And in fact, the judge, the federal judge -- it was a  
12 federal lawsuit?

13 A. I believe it was, yes.

14 Q. The judge granted your request to redact your declaration?

15 A. That's correct.

16 MR. BATH: That's all I have. Thank you so much.

17 THE COURT: Any other cross?

18 Redirect?

19 MR. VELAMoor: Very briefly.

20 REDIRECT EXAMINATION

21 BY MR. VELAMoor:

22 Q. Mr. Irby, you mentioned the master service agreement was  
23 with Selling Source on one side and CLK, right?

24 A. That's correct.

25 Q. And it was also with several other entities as well,

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Irby - Redirect

1 correct?

2 A. That's correct.

3 MR. VELAMOOR: Could we put up very quickly 2802.

4 Q. And those entities are listed in the top paragraph,  
5 correct?

6 A. That's correct.

7 Q. They include CB Services Corp., Executive Global  
8 Management, NM Services Corp., Silver State Business  
9 Administrators and UMS, correct?

10 A. That's correct.

11 MR. VELAMOOR: No further questions, your Honor.

12 THE COURT: All right. You may step down, sir. Thank  
13 you.

14 (Witness excused)

15 THE COURT: The government may call its next witness.

16 MR. VELAMOOR: Your Honor, we just have two exhibits  
17 we intend to offer, 2806 and 2807.

18 THE COURT: Any objection?

19 Hearing none, they are received -- oh, one second.

20 MR. VELAMOOR: On 2806 we're only offering the first  
21 page and the top email on the second page.

22 MR. BATH: No objection to 2807.

23 THE COURT: And 2806?

24 MR. GINSBERG: No objection.

25 THE COURT: All right. They're both received.

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1 (Government Exhibits 2806 and 2807 received in  
2 evidence)

3 THE COURT: You may publish.

4 MR. VELAMOOR: Thank you, your Honor.

5 Could we start with 2806 and go to the second page,  
6 the bottom email, highlight who it's from and to. And then  
7 move now just to the first paragraph of the email.

8 Let's turn back to the first page and the "to" and  
9 "from" of the middle email. And now just highlight the first  
10 and second paragraphs of that email. And Ms. Grant, can you  
11 highlight the sentence beginning with "I," at the end of the  
12 third line, the rest of -- yes.

13 OK. We can take that down, please, and may we show  
14 2807, beginning with the top email on the second page. OK,  
15 back to the first page, starting with the bottom email.

16 OK. Move to the next email up. OK.

17 OK. Next one up. And could we just highlight the  
18 substance of that email.

19 OK. And then the final email on top.

20 Thank you, your Honor.

21 THE COURT: All right. Call your next witness.

22 Mr. Ravi.

23 MR. RAVI: The government calls Carolyn Williams.

24 THE COURT: All right.

25 (Continued on next page)

H9kWtuc3

Williams - Direct

1 CAROLYN WILLIAMS,

2 called as a witness by the Government,

3 having been duly sworn, testified as follows:

4 THE COURT: Mr. Ravi, you may inquire.

5 MR. RAVI: Thank you.

6 DIRECT EXAMINATION

7 BY MR. RAVI:

8 Q. Good morning, Ms. Williams. How old are you?

9 A. I'm 62.

10 Q. Where do you currently live?

11 A. I live in Monkey Island, Oklahoma.

12 Q. How long have you lived there?

13 A. Since 2003 -- well, in that vicinity since 2003.

14 THE COURT: All right. I'm going to ask that you just  
15 pull that microphone a little bit closer so everyone can hear  
16 you. That's fine, but get comfortable in the chair. You don't  
17 have to lean. That's fine.

18 THE WITNESS: Thank you.

19 Q. How far did you go in school, Ms. Williams?

20 A. I have about 30 hours of college credit.

21 Q. Did you graduate from college?

22 A. I did not.

23 Q. Do you have any licenses or certifications?

24 A. I do. I have an Oklahoma real estate brokers license and I  
25 have a paralegal certification.

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Williams - Direct

1 Q. And how long have you had both of those, the license or the  
2 certification?

3 A. Both since 2012.

4 Q. Are you currently employed?

5 A. I am. I'm self-employed.

6 Q. What do you do?

7 A. I'm a real estate broker.

8 Q. How long have you been a real estate broker?

9 A. Since 2012.

10 Q. Can you briefly describe your work history?

11 A. I've done many different jobs. The area that my family  
12 lives in is, has a seasonal economy, and I have been a -- I've  
13 been a real estate agent, real estate broker. I've been a  
14 clerical worker. I have been a cook, a babysitter, a waitress,  
15 a lobbyist. I've done some public relations work as well.

16 Q. Have you also done paralegal work?

17 A. I have.

18 Q. Ms. Williams, was there a time that you worked, began to  
19 work at the Miami tribe?

20 A. Yes.

21 Q. And when was that?

22 A. My first period of employment with the Miami tribe was in  
23 2003 to 2005, and my --

24 Q. Did you later work there at a different time period?

25 A. I did, from roughly June of 2011 through April of 2013.

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Williams - Direct

1 THE COURT: And so we're clear about this, when you  
2 refer to the Miami tribe, you're referring to the tribe located  
3 in Oklahoma, is that correct?

4 THE WITNESS: Yes, Miami Tribe of Oklahoma.

5 THE COURT: Thank you very much.

6 MR. RAVI: Thank you, your Honor.

7 Q. How did you come to work at the Miami tribe the first  
8 period, from 2003 to 2005?

9 A. Don Brady called and offered me a job.

10 Q. And how did you know Don Brady at the time?

11 A. He and his wife were members of our social circle, friends,  
12 in -- where we lived.

13 Q. And what kind of job did he offer you?

14 A. The first time I went to work there, I was working as  
15 principally his office manager, bookkeeper-type position for  
16 the -- and Don's personal assistant.

17 Q. Were you working in relation to a particular entity?

18 A. Yes. At that time -- pardon me. Don was CEO of Miami  
19 Tribe Business Enterprises, MTBE.

20 Q. And what was MTBE?

21 A. MTBE was a subdivision of the Miami tribe that basically  
22 ran or oversaw their small business operations.

23 Q. And generally, what kinds of small businesses are we  
24 talking about?

25 A. There were several small ones, the Leonard Learning Center,



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Williams - Direct

1 which was a day care center.

2 THE COURT: The what?

3 THE WITNESS: Leonard Learning Center.

4 THE COURT: Thank you.

5 A. The --

6 Q. Were there other small businesses?

7 A. Yes. I'm sorry. There was an environmental group. There  
8 was a, a print shop that did T-shirts and caps. There was a  
9 gift shop, a small gift shop on the tribal headquarters, and a  
10 pecan farm.

11 Q. Ms. Williams, can you describe generally what you did as  
12 part of your position with MTBE and as Mr. Brady's assistant?

13 A. I would type things, take some dictation from Don, type  
14 things, file. I entered some of the financial records into a  
15 bookkeeping system. I collected the hot checks from a little  
16 casino -- oh, small casino was also one of MTBE's enterprises.

17 Q. Go ahead. Are you finished?

18 A. That's principally what I did.

19 Q. And where was your office in relation to Mr. Brady's  
20 office?

21 A. My desk was directly outside of his office.

22 Q. And how often did you see Mr. Brady when you were his  
23 personal assistant during this time period?

24 A. When he was in town, I saw him every day.

25 Q. How often was he out of town?

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Williams - Direct

1 A. Not a great deal.

2 Q. And did you maintain his schedule?

3 A. I did.

4 Q. How did Mr. Brady typically spend his days at that time?

5 A. He was trying to turn around the small businesses, and so  
6 he reviewed a lot of the financial statements, met with the  
7 people running the different businesses, and he attended  
8 meetings with the tribal leadership. That was the majority of  
9 what he did.

10 Q. Do you recall what businesses he was spending most of his  
11 time on at that time?

12 A. Yes. The print shop, that had -- that was most likely to  
13 be the biggest revenue generator at that time because of the  
14 economic environment there.

15 Q. Did you also overhear Mr. Brady's phone conversations?

16 A. Some, yes.

17 Q. Was that because you were sitting right outside of his  
18 office?

19 A. Yes, I could hear if his door was open.

20 Q. How old was Mr. Brady at this time, from 2003 to 2005,  
21 approximately?

22 A. Don would have been in his -- let me think. He would have  
23 been in his 70s, I believe, early 70s then.

24 Q. Did there come a time that you learned that the Miami tribe  
25 was involved in the payday lending business?

H9kWtuc3

Williams - Direct

1 A. Yes.

2 Q. And when did you learn that, approximately?

3 A. Sometime around November of 2003.

4 Q. Did you have discussions with Mr. Brady about that payday  
5 loan business?

6 A. Some.

7 Q. Can you describe those discussions?

8 A. We didn't discuss the operation per se, but he told me that  
9 this was, that this particular business enterprise was  
10 something that needed to be kept very quiet.

11 Q. Did Mr. Brady, did you have discussions with Mr. Brady  
12 about who operated this business?

13 A. I did.

14 Q. And what did Mr. Brady tell you?

15 A. That Scott Tucker was the principal in the operation.

16 Q. And where was this payday loan business based at that time?

17 A. At that time I can't recall the specific address for them.  
18 I'm sorry. The National Money Service, which was the entity  
19 that brought the opportunity to the tribe, they were not  
20 located on tribal land.

21 Q. So you knew the payday loan business to be called what?

22 A. Well, the operate -- within the tribe, it was referred to  
23 as Tribal Financial Services, I believe, but maybe -- I'm not  
24 sure whether that was originally, but at a later time it was.

25 Q. What did you know about National Money Services at the

H9kWtuc3

Williams - Direct

1 time?

2 A. I knew nothing except they were the entity that contract --  
3 that brought the offer to the tribe.

4 Q. And what did Mr. Brady tell you about Mr. Tucker, if  
5 anything else?

6 A. Just if he called, I was to try and track Don down so he  
7 could return his calls.

8 Q. I'm handing you what has been marked as Government Exhibits  
9 301, 302 and 303. Turning first to Government Exhibit 301, do  
10 you recognize that?

11 A. I do.

12 Q. What is it?

13 A. This is the letter of intent regarding the payday loan  
14 business agreement addressed to Chief Leonard and the tribal  
15 council, from Scott Tucker.

16 MR. RAVI: The government offers Government Exhibit  
17 301.

18 THE COURT: Any objection? Hearing none, received.

19 (Government Exhibit 301 received in evidence)

20 Q. Ms. Williams, can you please read the first paragraph of  
21 this letter?

22 A. "Dear Chief Floyd Leonard and council members, I am the  
23 founder and president of National Money Service Inc., a proven  
24 and highly successful corporation that has been involved in the  
25 payday loan business throughout the united for the last six

H9kWtuc3

Williams - Direct

1 years --"

2 THE COURT: Past six years. Thank you.

3 THE WITNESS: Yes.

4 THE COURT: Go ahead.

5 A. "National Money Service Inc. employs nearly 300 people and  
6 has its principal offices in Mission, Kansas, a suburb of  
7 Kansas City, Missouri."

8 MR. RAVI: If we could zoom out and focus on the date,  
9 on the top left.

10 Q. What's the date on this letter?

11 A. October 10, 2003.

12 MR. RAVI: Now turn to page three and just focus on  
13 the signature.

14 Q. And who signed this letter, Ms. Williams?

15 A. Scott Tucker.

16 MR. RAVI: Turn now to page 2.

17 Q. If you could just read paragraph 2 next to "no cash  
18 required"?

19 A. "The tribe and the proposed tribal entity will not be  
20 required to provide any investment, cash or cash equivalent and  
21 will not be responsible for any losses."

22 Q. Does this document also attach a draft service agreement?

23 MR. RAVI: Turn now to page 7.

24 Q. Ms. Williams, you might also be able to see it on your  
25 screen in front of you.

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Williams - Direct

1 A. Oh. I'm sorry. Yes.

2 MR. RAVI: If we could zoom in on the first line and  
3 the header.

4 Q. Could you please read that?

5 A. "This agreement is entered into this" blank "day of October  
6 2003 by and between the Miami tribe in Oklahoma," in  
7 parentheses, "tribe and Universal Management Services Inc.," in  
8 parentheses "UMS."

9 MR. RAVI: If we could turn to page 8, and then just  
10 zoom in on the signature spaces.

11 Q. Read what it says next to tribal name.

12 A. Miami Tribe Nebraska.

13 Q. What was the Miami tribe you were associated with?

14 A. Oklahoma.

15 Q. Turning now to Government Exhibit 302 --

16 MR. RAVI: You can take that down, Ms. Grant.

17 Q. -- do you recognize this document?

18 A. I do.

19 Q. What is it?

20 A. It's the service agreement between MTBE, or the Miami Tribe  
21 Business Enterprises, and Universal Management Services.

22 MR. RAVI: The government offers Government Exhibit  
23 302.

24 THE COURT: Any objection?

25 MR. GINSBERG: No objection.

H9kWtuc3

Williams - Direct

1 THE COURT: Received.

2 (Government Exhibit 302 received in evidence)

3 MR. RAVI: Please publish that.

4 Q. Ms. Williams, is this the executed version of the service  
5 agreement?

6 A. It is.

7 Q. And what's the date that it was signed?

8 A. The 14th day of November 2003.

9 MR. RAVI: Could we turn now to paragraph 2.

10 Q. Can you please read that paragraph.

11 A. "Capital provided by UMS. UMS will or will arrange to  
12 provide capital up to a maximum \$5 million," in parentheses  
13 "five million dollars to the MTBE's payday loan business to be  
14 administered wholly and only by UMS for the purpose of funding  
15 a volume of payday loans and all operating expenses in a manner  
16 similar to that now conducted by its parent company, National  
17 Money Service Inc."

18 Q. Thank you. Could you please also read paragraph 3.

19 A. "Services provided by UMS. UMS will furnish for the  
20 benefit of the MTBE all support staff, equipment and business  
21 arrangements required to conduct an efficient payday loan  
22 business, including advertising and promotion, all sufficient  
23 to achieve competitive results with the capital allocated to  
24 the enterprise."

25 MR. RAVI: If we can turn now to page 2.

H9kWtuc3

Williams - Direct

1 Q. Could you please read paragraph 6, next to fee arrangement?

2 A. "Fee agreement. UMS will pay the MTBE a minimum fee of  
3 twenty thousand and no dollars, \$20,000 per month while the  
4 agreement is in force, with a maximum fee equal to 1 percent,"  
5 in parentheses "1 percent of the gross collected revenue of the  
6 payday loan operation."

7 Q. Just to be clear, that paragraph 6, the heading is fee  
8 agreement, correct?

9 A. That is correct.

10 Q. Finally, can you please read paragraph 11, next to  
11 investment and risk?

12 A. "The MTBE shall have no obligation to invest money or pay  
13 expenses of the operation, except for its office expenses on  
14 the Miami Indian Country and the salary and expenses of its  
15 administrator."

16 MR. RAVI: Could we focus now on the signature line.

17 Q. Who signed below Universal Management Services Inc.?

18 A. Scott Tucker, as president.

19 Q. And who signed as the authorized agent of the Miami tribe?

20 A. Don Brady, as chief executive officer of MTBE.

21 MR. RAVI: Let's turn now to Government Exhibit 303.

22 Q. Do you recognize that?

23 A. I do.

24 Q. And what is that?

25 A. A special power of attorney and corporate resolution.



H9kWtuc3

Williams - Direct

1 Q. And is this signed by Mr. Brady?

2 A. It is.

3 MR. RAVI: The government offers Government Exhibit  
4 303.

5 THE COURT: Any objection?

6 MR. GINSBERG: No objection.

7 THE COURT: Received.

8 (Government Exhibit 303 received in evidence)

9 MR. RAVI: If we could focus on the heading and the  
10 first line.

11 Q. Ms. Williams, could you read that first line?

12 A. "Special power of attorney and corporate resolution granted  
13 to Scott Tucker, Universal Management Services Inc., CVC  
14 Services Inc., NM Service Corporation and any of his, its and  
15 their subsidiaries and affiliates."

16 MR. RAVI: Turn now to the first paragraph.

17 Q. Could you please read that paragraph, Ms. Williams?

18 A. The first paragraph, or paragraph No. 1?

19 Q. Yes. Paragraph No. 1.

20 A. "To open, maintain and operate bank, ACH and ATM accounts  
21 at U.S. Bank and any other acceptable U.S. bank or company for  
22 the purpose of depositing and expending funds to facilitate the  
23 operation of the tribe's loan service managed by NM Service  
24 Corporation, Universal Management Services Inc., CVC Services  
25 Inc., Scott Tucker and/or any of its or his subsidiaries and

H9kWtuc3

Williams - Direct

1 affiliates."

2 MR. RAVI: Can we focus now on the signature line.

3 Q. Again, who signed this, and what was the date it was  
4 signed?

5 A. Don Brady. Don E. Brady, CEO. It was signed June 10,  
6 2004.

7 MR. RAVI: Thank you. We can take that down,  
8 Ms. Grant.

9 Q. Ms. Williams, at this time when you were at the tribe,  
10 around 2003 to 2005, what did you see Mr. Brady do as part of  
11 the payday loan business?

12 A. He would receive a packet of papers, and he would initial  
13 those and then return them.

14 Q. And who was sending these packets of information?

15 A. The loan company operation.

16 Q. Do you know where these packets were sent from?

17 A. No, I don't specifically.

18 Q. And can you describe what was contained in these packets?

19 A. They were lists of people's names and the amount of the  
20 loans that they had applied for. There may have been other  
21 information, but I didn't review these.

22 Q. And what did you see Mr. Brady do with these lists of  
23 people and loan amounts?

24 A. He would initial them.

25 Q. Did you see him do anything else with these papers?

H9kWtuc3

Williams - Direct

1 A. No.

2 Q. You indicated that it was then sent back?

3 A. That's correct.

4 Q. Where was it sent back to?

5 A. I don't recall the exact address.

6 Q. Did you ever see Mr. Brady review any financial paperwork  
7 related to the individuals in these lists?

8 A. No.

9 Q. To your knowledge, did Mr. Brady review any underwriting  
10 criteria relating to any of the loans of the payday lending  
11 business?

12 A. Not to my knowledge.

13 Q. And what did you do with respect to these packets or lists  
14 that you were provided -- that Mr. Brady was provided?

15 A. Nothing, except I would deliver them from the mail or I  
16 would return them to be mailed.

17 Q. And other than initialing these lists of individuals and  
18 sending them back to the loan business, did you see Mr. Brady  
19 do anything else as part of this payday loan business?

20 A. No.

21 Q. Did you ever see or hear Mr. Brady discuss the operation of  
22 the payday loan business?

23 A. No.

24 Q. To your knowledge, was Mr. Brady operating any aspect of  
25 the loan business?

H9kWtuc3

Williams - Direct

1 A. Not that I was aware of.

2 Q. And at that time, did anyone else, to your knowledge, do  
3 anything else relating to the operations of the payday loan  
4 business?

5 A. Not -- no one within the -- the staff members that I worked  
6 with did not, no.

7 Q. Were the offices related to the payday loan business at the  
8 Miami tribe when you were there from 2003 to 2005?

9 A. I'm sorry. Could you repeat that, please.

10 Q. Were there any offices specifically related to the payday  
11 loan business while you were there at the tribe from 2003 to  
12 2005?

13 A. Not that I'm specifically aware of. The offices where we  
14 worked were on North Main Street in Miami. I think it was 18  
15 North Main. The tribal headquarters were on trust land at  
16 another location.

17 Q. Now, Ms. Williams, at some point you stopped working  
18 directly for Mr. Brady?

19 A. I did.

20 Q. And what did you end up doing after that?

21 A. I was promoted to a public relations position, and then I  
22 also assisted the general counsel, who was a part-time  
23 employee, and did some business development work.

24 Q. And this is all with the Miami tribe, correct?

25 A. It is.

H9kWtuc3

Williams - Direct

1 Q. At some point, did you stop working for the Miami tribe?

2 A. I did, in 2005.

3 Q. Why generally did you stop working for the tribe at that  
4 point?

5 A. I had been working on several different business  
6 opportunities, and I just didn't feel like we were going  
7 anywhere with that, and I decided I wanted to do something  
8 different.

9 Q. So what kind of work did you do after you left the tribe in  
10 2005, before you returned to the tribe?

11 A. A variety of different things. I, I had my real estate  
12 license and I did some real estate. I worked in clerical  
13 positions. My husband worked, most of the jobs my husband had  
14 at that time were -- half of his, half of his salary was based  
15 on commission, and we had four children and it was difficult to  
16 live with everybody making commissions, so sometimes I worked  
17 regular jobs that had guaranteed weekly or biweekly salaries,  
18 and sometimes I did self-employment.

19 Q. Now, Ms. Williams, when did you return to working at the  
20 Miami tribe?

21 A. In -- I believe it was June of 2011, June or July.

22 Q. And under what circumstances did you return to the tribe?

23 A. Don Brady called me and asked me to come back to work.

24 Q. And did you end up working for him?

25 A. I did. It was a part-time position.

H9kWtuc3

Williams - Direct

1 Q. And what were you asked to do?

2 A. He offered me the position as a part-time paralegal. I  
3 told him I was not certified as a paralegal, which at that  
4 point in time had become important to the industry, and so I --  
5 my job was to organize the legal documents and the  
6 organizational documents of the tribe so they could be produced  
7 more readily in discovery and also to create indices of all of  
8 these documents.

9 Q. And when you're talking about organizing all these  
10 documents and creating indices, what are these related to,  
11 generally?

12 A. To the state litigations.

13 Q. And the state litigation involving the payday loan  
14 business?

15 A. Yes. The state -- the loan company had been sued in  
16 multiple jurisdictions.

17 Q. And what states were some of these litigations in?

18 A. The biggest ones were in California and Colorado. There  
19 were many other states, some of them just only letters of  
20 complaint filed. Some of them were, you know, had actually  
21 gone as far as petitions filed in court.

22 Q. And who directed you to organize these documents and  
23 indices for purposes of this litigation?

24 A. Don Brady.

25 Q. And what did Mr. Brady do with all these documents when

H9kWtuc3

Williams - Direct

1 they were organized by you?

2 A. Nothing.

3 Q. When you were back at the Miami tribe, were you working for  
4 a different entity than MTBE?

5 A. Yes, the successor to MTBE was MNE, Miami Nation  
6 Enterprises, and that was now the entity that oversaw the  
7 businesses.

8 Q. Describe how MNE was structured.

9 A. MNE was a business subdivision of the tribe. It was -- it  
10 had a board member -- excuse me, a board that was appointed,  
11 and Don Brady was the CEO. There was, there were also other,  
12 CFO and other employees.

13 Q. And just like MTBE, did MNE manage certain businesses?

14 A. It did.

15 Q. And what was your title when you came back to the tribe?

16 A. Well, initially, as a part-time employee. Just part time;  
17 I don't remember exactly what they classified me as, perhaps  
18 legal assistant. I don't know whether it was paralegal or not.  
19 When I became a full-time employee, Don created a position  
20 called law center manager.

21 Q. And what were you doing as the law center manager?

22 A. Principally organizing these documents.

23 Q. Did you also serve as an assistant to Mr. Brady?

24 A. I did, although I was not his personal assistant until some  
25 months later.

H9kWtuc3

Williams - Direct

1 Q. Now, during the course of your time at the Miami tribe,  
2 when you returned in 2011, how often did you interact with  
3 Mr. Brady?

4 A. If he was in town, on a daily basis.

5 Q. And how often was he out of town?

6 A. Not very often.

7 Q. Were you also familiar with his schedule at this time?

8 A. I was.

9 Q. And how were you familiar with his schedule?

10 A. Once I became his assistant, I maintained his schedule.

11 Q. Where was your office in relation to Mr. Brady's?

12 A. My initial employment, my office was on the west end of his  
13 office, and my -- once his personal assistant, or executive  
14 assistant, was promoted, Melissa Barnes, and I moved into her  
15 office, which was on the east end of Mr. Brady's office and had  
16 a connecting door.

17 Q. So when you first started in 2011, your office was right  
18 next to Mr. Brady's?

19 A. It was.

20 Q. And then afterwards, when you took on the personal  
21 assistant role, you had an office that actually had a  
22 connecting door?

23 A. That's correct.

24 Q. At this time how old was Mr. Brady?

25 A. I remember we celebrated Don's 80th birthday in an office,



H9kWtuc3

Williams - Direct

1 with a cake in the office, so he was probably 79 when I went to  
2 work there, but I'm not sure what year he turned 80.

3 Q. Describe a typical day for Mr. Brady at this time period.

4 A. He would come into the office. He always read the Tulsa  
5 World. We had a subscription to the newspaper that was  
6 delivered to the door, and he would check his email. He would  
7 review, just look at things on his iPad, and he would do the  
8 loan approvals. Not really -- ostensibly do the loan  
9 approvals.

10 Q. And we'll get back to the loan approvals, as you call it, a  
11 little bit later on.

12 And what time did Mr. Brady typically leave?

13 A. He usually took a nice long lunch, and then sometimes he  
14 would leave between three and four. On occasion he would stay  
15 later.

16 Q. Could you also overhear Mr. Brady's phone conversations?

17 A. Yes, once I moved into the office next to him.

18 Q. Now, when you returned with the Miami, they were still  
19 involved with the payday loan business, correct?

20 A. Yes.

21 Q. What was it called this time?

22 A. There were two companies, MNE Services, which was a  
23 subdivision of MNE, and the other was AMG Services, and AMG was  
24 organized beneath the tribal business council.

25 Q. Did AMG have any business names it was associated with?

H9kWtuc3

Williams - Direct

1 A. Yes, there were some portfolio names.

2 Q. Do you recall any of those names?

3 A. Ameriloan was, I think, the biggest one, most active at  
4 that time. United Fast Cash or United Cash. United. Maybe  
5 500 FastCash. There were five portfolios under the Miami  
6 tribe, and there were two others that were managed by, or  
7 supposedly managed by other tribes, and I don't recall those  
8 specific names. I'm sorry.

9 Q. During this time period, what, if anything, did Mr. Brady  
10 tell you about who ran the operations of the payday loan  
11 business?

12 A. He said that Scott Tucker ran the operations.

13 Q. And Ms. Williams, looking around the courtroom today, do  
14 you recognize Scott Tucker?

15 A. I do.

16 Q. And could you just identify where he's located and maybe  
17 identify him by an item of clothing?

18 A. He is --

19 THE COURT: You can stand up, if you'd like.

20 THE WITNESS: OK, yeah.

21 A. He's on -- fourth from the left on the back row of the  
22 counsels' table, wearing a red or burgundy tie.

23 MR. RAVI: Thank you.

24 THE COURT: Identification noted.

25 BY MR. RAVI:

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Williams - Direct

1 Q. Where was AMG headquartered, Ms. Williams?

2 A. It was headquartered in Overland Park, Kansas.

3 Q. What position, if any, did Mr. Brady hold at AMG?

4 A. Mr. Brady was the CEO.

5 Q. Do you believe that Mr. Brady acted as the CEO?

6 A. No, he did not.

7 Q. And why do you say that?

8 A. Because he didn't have any control over the business. He  
9 had none of the financial information. He didn't make any  
10 decisions as to hiring. There were multiple reasons over time  
11 that made me question that.

12 Q. And we'll get into some of those reasons.

13 What did you see or hear Mr. Brady do as part of the loan  
14 business?

15 A. He would sign declarations that the attorneys sent him  
16 relating to the state court litigation. He would sometimes  
17 sign vendor contracts that were FedExed to him from the Kansas  
18 City office. That was principally it.

19 Q. And how much time, if you could estimate, was Mr. Brady  
20 spending on the payday loan business versus the other  
21 businesses held by MNE?

22 A. He spent less than 5 percent of his time.

23 Q. To your knowledge, did Mr. Brady ever discuss or make  
24 decisions about the operations of the loan business?

25 A. No.

H9kWtuc3

Williams - Direct

1 Q. To your knowledge, did Mr. Brady ever discuss or review the  
2 loan applications customers filled out?

3 A. There was an approval process, but none of the actual  
4 applications themselves.

5 Q. To your knowledge, did Mr. Brady ever discuss or make  
6 decisions regarding the criteria to approve loans?

7 A. No.

8 Q. Did Mr. Brady ever discuss decisions regarding marketing of  
9 the loans to customers?

10 A. No.

11 Q. Did Mr. Brady ever discuss or review the books and records  
12 of AMG?

13 A. No.

14 Q. Did Mr. Brady ever give instructions to any employees in  
15 Kansas City?

16 A. No.

17 Q. Was Mr. Brady ever involved in the collection of loans from  
18 customers?

19 A. No, he was not.

20 Q. Did Mr. Brady ever interact with anyone at U.S. Bank  
21 concerning the loan business?

22 A. Not to my knowledge.

23 Q. How often was Mr. Brady at AMG's headquarters in Kansas  
24 City?

25 A. Once a month. Once, maybe twice a month, but generally

H9kWtuc3

Williams - Direct

1 just once a month, beginning sometime around April of 2012.

2 Q. How did he travel there?

3 A. Generally he drove. On occasion he would fly with other  
4 members of the tribe. Sometimes they would -- Scott Tucker  
5 would send a plane.

6 Q. And who was Mr. Brady paid by?

7 A. He was paid by MNE, Miami Nation Enterprises.

8 Q. Was he paid by AMG?

9 A. No.

10 Q. Was his salary reimbursed by AMG in any way?

11 A. No.

12 Q. And who were you paid by?

13 A. I was paid by MNE also.

14 Q. Based on your discussions with Mr. Brady, do you know what  
15 AMG was named after?

16 A. Don told me it was named after Scott Tucker's favorite car.

17 Q. What names did the tribe generally choose for its  
18 businesses?

19 A. Their businesses generally had some direct link to the  
20 Miami tribe or to a leader, as honorarium, or Miami language,  
21 Miami tribe language name, like Leonard Learning Center, which  
22 was the day care center, it was named after Chief Leonard, the  
23 former chief. It was actually named after him while he was  
24 chief, I believe. And the farm had a Miami tribe language  
25 name.

H9kWtuc3

Williams - Direct

1 Miami Nation Enterprises, MNE Services, which was Miami  
2 Nation Enterprise Services. With the exception of Service  
3 World, most of them had -- which was a company they bought  
4 intact, they had Miami tribe names.

5 Q. Are you aware of an entity called CLK?

6 A. I am.

7 Q. And what do you know about CLK?

8 A. In 2008 -- pardon me. In 2008, the Miami tribe merged,  
9 created a company, a corporation that merged with CLK; that was  
10 AMG. And CLK was the actual loan company operated by Scott  
11 Tucker at that time.

12 MR. RAVI: Your Honor, I'm going to pass the witness a  
13 bottle of water.

14 THE WITNESS: Thank you.

15 THE COURT: All right. Thank you very much.

16 THE WITNESS: Thank you so much.

17 THE COURT: Ladies and gentlemen, let's take a  
18 ten-minute recess. Please do not discuss the case among  
19 yourselves or with anyone. We'll see you in ten minutes.

20 Everyone in the back of the courtroom, please stand  
21 and do not leave the courtroom at this moment, until the jury  
22 has exited.

23 (Jury not present)

24 THE COURT: All right. We're on a ten-minute recess.

25 (Recess)

H9K8TUC4

Williams - Direct

1 (Jury not present)

2 THE COURT: Bring our jury in, please.

3 MR. RAVI: Your Honor, can I just confirm that we are  
4 going to 1:30 today.

5 THE COURT: We are going to go to 1. So if you have  
6 any dramatic moves you want to make before the weekend, you  
7 have got to do them by 1:00, not at 1:28. That's a heads-up.

8 MR. GINSBERG: Judge, I am not sure that you made a  
9 final ruling on admissibility of the tapes and transcripts,  
10 that whole issue we had with the affidavit and everything.

11 THE COURT: No. In fact, I had ruled that they were  
12 required to provide a log, and they did. And at that point,  
13 the defense has been free all along, since that moment, to make  
14 any further applications.

15 MR. GINSBERG: I am not arguing that. I just want to  
16 make sure, since they provided it, that means they are  
17 admissible as far as you're concerned and that's it.

18 THE COURT: Subject to somebody saying, I have got  
19 this log, it's a fraud, they didn't make out any claim of  
20 privilege.

21 MR. GINSBERG: No.

22 THE COURT: That, as far as I was concerned, having  
23 heard nothing further, disposed of the issue. But thank you  
24 for raising it and that's how I see it. Thank you.

25 (Continued on next page)

H9K8TUC4

Williams - Direct

1 (Jury present)

2 CAROLYN WILLIAMS, resumed.

3 THE COURT: You may resume the witness stand, please.

4 You may continue.

5 BY MR. RAVI:

6 Q. Ms. Williams, before the break, you were talking about a  
7 merger of CLK into AMG, correct?

8 A. Yes.

9 Q. When did you say that happened?

10 A. In June of 2008.

11 Q. Based on your discussions with Mr. Brady, what did you  
12 learn about that merger?

13 A. Don said that it didn't change anything, that it was  
14 basically just a paper trail and it was done because of the  
15 pressures from the Colorado litigation.

16 Q. When you say paper trail, what do you mean?

17 A. Well, none of the -- nothing changed except on paper. So  
18 now it appears that AMG is in charge of that aspect of the loan  
19 company instead of CLK, but nothing changed, there were no  
20 organizational changes, there were no changes in the duties of  
21 anyone within the Miami tribe.

22 Q. What did you understand from Mr. Brady to be the purpose of  
23 the supposed merger?

24 A. They were hoping that this would impact the Colorado  
25 litigation by providing the tribe sovereign immunity so that



H9K8TUC4

Williams - Direct

1 there wouldn't be any more issues with it.

2 Q. What would making a paper merger of a supposed merger, how  
3 would that assist with that, as you understood from Mr. Brady?

4 A. Because the organizational documents of AMG said that they  
5 assumed 100 percent of CLK, and so that they were now the  
6 entity that was providing the loan service.

7 Q. Do you understand whether there was any payments that were  
8 made in 2008 when this merger happened for an acquisition of  
9 any assets?

10 A. At a later time there was a payment, but no money exchanged  
11 hands at that time, even though it was provided for in the  
12 agreement.

13 Q. What later time was any money provided, if any?

14 A. I think my recollection is that it was paid in 2010.

15 Q. That was two years after the supposed merger occurred?

16 A. Yes.

17 Q. Ms. Williams, were you familiar with the relationship  
18 between Mr. Brady and Mr. Tucker?

19 A. Yes.

20 Q. Describe their relationship.

21 A. Don thought of him as being a very close friend. He and  
22 his wife socialized with Scott Tucker and his wife. They spent  
23 holidays together. And Don was -- Don was considered to be  
24 Scott's biggest fan in the racing industry.

25 Q. How do you know that?

H9K8TUC4

Williams - Direct

1 A. Well, he received an award for that, and there is a video  
2 of Scott calling him that.

3 Q. Describe what the award is.

4 A. It was just honoring him as his fan.

5 Q. Is this in connection with Mr. Tucker's racing?

6 A. Yes.

7 Q. Did Mr. Brady attend races of Mr. Tucker?

8 A. Yes, he frequently did.

9 Q. Where did Mr. Brady travel to to go to these races?

10 A. Many different locations.

11 Q. Do you know if he ever travelled internationally?

12 A. I think he told me at one point that they had planned to.

13 I don't recall though if they actually went or not.

14 Q. This award you're talking about, is it a physical award?

15 A. Yes, it was a plaque.

16 THE COURT: You have to speak in words.

17 A. Yes, it was a plaque.

18 Q. Have you seen this plaque?

19 A. At one time it was in his office.

20 Q. Are you also familiar with the relationship between -- who  
21 was the chief of the Miami tribe at that time?

22 A. Tom Gamble.

23 Q. Describe his relationship with Mr. Tucker.

24 A. Tom was very enamored of Scott Tucker. He was impressed by  
25 his racing career. He was impressed by his money.

H9K8TUC4

Williams - Direct

1 Q. To your knowledge, did Mr. Gamble socialize with Mr.  
2 Tucker?

3 MR. BATH: Objection. Foundation.

4 Q. Are you familiar with whether or not they socialized?

5 A. Yes. I understood that he attended some of the race meets.

6 MR. BATH: Objection. Foundation. He didn't  
7 establish how she knows.

8 Q. How are you familiar?

9 A. I was told that he had attended some of the race meets, and  
10 I was aware --

11 THE COURT: Told by whom?

12 THE WITNESS: I was told by Don Brady.

13 THE COURT: Thank you.

14 Q. Go ahead and answer. How did they socialize together,  
15 Mr. Gamble and Mr. Tucker?

16 A. They would go to dinner, Tom would go to Kansas City on  
17 occasion and they would have dinners. Sometimes he was hosted  
18 at some sporting events, he and his son and other members of  
19 their family, for the Kansas City football team and the  
20 baseball team.

21 Q. Just to be clear, who is hosting who?

22 A. Scott and Blaine Tucker was hosting Chief Gamble.

23 Q. When Mr. Brady was going to these race meets and Mr. Gamble  
24 was attending various sporting events, do you know who paid for  
25 those trips?

H9K8TUC4

Williams - Direct

1 A. Yes. Actually, they were paid for by the Tuckers, or  
2 through the loan company by the Tuckers.

3 Q. Now, Ms. Williams, you mentioned before, you called the  
4 loan -- you referred to ostensible loan approvals, right?

5 A. Yes.

6 Q. Why did you use the word "ostensible"?

7 A. Because it was just a sham. It was just a series of  
8 entering passwords into a laptop computer and scrolling down  
9 and hitting the approval button and then going to the next  
10 portfolio and doing the same thing.

11 Q. How did you learn about the sham approval process?

12 A. Because I was asked to do it.

13 Q. Who asked you to do it?

14 A. Don Brady.

15 Q. What did Mr. Brady tell you about the sham approval  
16 process?

17 A. That they did this because they had to demonstrate that the  
18 approval process was on tribal land, on trust land.

19 Q. How do you know how the sham approval process worked?

20 MR. BATH: I object to the characterization by the  
21 government. It's argumentative.

22 THE COURT: Rephrase your question.

23 Q. Ms. Williams, how are you aware of how this supposed  
24 approval process worked?

25 MR. BATH: Same objection.

H9K8TUC4

Williams - Direct

1 THE COURT: Overruled. That's appropriate. I don't  
2 know how else you propose it be phrased, Mr. Bath.

3 Q. Ms. Williams, should I repeat the question for you?

4 A. Please.

5 Q. How do you know how the supposed approval process worked?

6 A. Because I had to do it a few times.

7 Q. Who showed you how to do this?

8 A. Don Brady.

9 Q. How many times have you done the supposed approval?

10 A. Five or six times.

11 Q. Have you also observed Mr. Brady do the supposed approvals?

12 A. Yes, several times.

13 Q. So describe how the supposed approval process worked.

14 A. There was a small laptop on Don's credenza behind his desk,  
15 and he would open the laptop, turn it on, and then he would  
16 enter his password, and then he would enter the passwords for  
17 the different portfolios, scroll down and hit a button that  
18 basically approved them, and then he would exit that, go to the  
19 next portfolio, and then he would log off.

20 Q. How many portfolios are we talking about?

21 A. At that time there were five.

22 Q. Approximately how many customers were listed?

23 A. It varied. There were a couple of portfolios that had  
24 more, Ameriloan was generally one of the largest. And, of  
25 course, closer to the holidays, there were significantly more

H9K8TUC4

Williams - Direct

1 names in the portfolios.

2 Q. When you were doing the supposed approval process, were you  
3 viewing any customer information?

4 A. It wasn't necessary to. I know the names and the amount of  
5 the loans were listed by line.

6 Q. Were you reviewing any loan applications for example?

7 A. No, no, I never saw those.

8 Q. Were you ever told to look at any customer information when  
9 you did the supposed approval process?

10 A. No. This was strictly a mechanical function.

11 Q. Could you even access any of the loan applications through  
12 this program?

13 A. No.

14 Q. Were you aware of any of the criteria that should be used  
15 in determining whether these loans should be approved?

16 A. No. There was no judgment involved.

17 Q. To your knowledge, did Mr. Brady ever review any loan  
18 applications when he went through the supposed approval  
19 process?

20 A. Not to my knowledge.

21 Q. Did Mr. Brady ever discuss the criteria that should be used  
22 in order to hit the approved button?

23 A. No.

24 Q. How long did it take to go through all of these five  
25 portfolios and hit that approve button?

H9K8TUC4

Williams - Direct

1 A. Well, if you entered the passwords in correctly, it would  
2 only take a couple of minutes to do each one.

3 Q. So what affected how much time this would take?

4 A. Whether or not you hit the right keys to enter the  
5 passwords.

6 Q. How often were these supposed approvals supposed to be  
7 done?

8 A. They were done in the office Monday through Friday.

9 Q. Were there times that this supposed approval process did  
10 not take place on a given day?

11 A. Yes. I actually missed a day and had to do two the next  
12 day.

13 Q. Did anyone ever tell you the issuance of loans for that day  
14 had been delayed because you didn't click the approved button?

15 A. No, I was not contacted by anyone.

16 Q. So you made approvals for past days as well?

17 A. I did.

18 Q. Was there a process to deny the loan?

19 A. No, not that I was informed, or not that was evident to me.

20 Q. Was there a denial button you could access?

21 A. No.

22 Q. Could you select only certain customers in the list of  
23 customers and approve only those?

24 A. No, they were in batches.

25 Q. So what would you do if you didn't want someone to get a

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Williams - Direct

1 loan?

2 A. I had no control over that.

3 Q. Ms. Williams, do you have any qualifications to review any  
4 loans?

5 A. No, I have none.

6 Q. Just to be clear, when you clicked that approved button,  
7 did that supposedly approve the loans for all the customers in  
8 the list for that portfolio?

9 A. Yes.

10 Q. Ms. Williams, are you familiar with -- hold on.

11 Ms. Williams, are you familiar with ecash?

12 A. Yes.

13 Q. What is that?

14 A. Ecash was a software platform that supported the loan  
15 company operations.

16 Q. What is Mr. Tucker's relationship to ecash?

17 A. Well, I understood that he owned it.

18 Q. Now, you participated in board meetings with AMG at the  
19 tribal office?

20 A. I did.

21 Q. At any point in time was a proposal presented to the AMG  
22 board regarding ecash?

23 A. Yes.

24 Q. When was this, approximately?

25 A. Sometime February or March of 2012, there was an initial



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1 proposal for a purchase agreement, which AMG would have paid a  
2 certain amount of money in order to have completed -- to  
3 purchase the ecash system in completion of the merger of AMG  
4 with CLK in 2008.

5 Q. And that was the supposed merger we already discussed?

6 A. Yes.

7 Q. To your knowledge, was AMG already using ecash at this  
8 time?

9 A. Yes, it was.

10 Q. Did anyone explain why AMG needed to buy it?

11 A. Yes. Don told me that the purpose of the purchase  
12 agreement that was proposed at that time was to provide  
13 documentation to support Scott Tucker for withdrawing a large  
14 amount of money out of the company to repay his capital that he  
15 had paid in.

16 Q. Do you know why there had to be a purchase of ecash for  
17 that purpose?

18 A. To create a paper trail.

19 Q. Now, at some point was this purchase agreement for ecash  
20 changed to a licensing agreement?

21 A. Yes, it was.

22 Q. Do you understand from Mr. Brady why that change was made?

23 A. Yes.

24 Q. Please describe that conversation.

25 A. Well, it morphed from a purchase agreement into -- it

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Williams - Direct

1 morphed from a purchase agreement into a licensing agreement  
2 because the attorneys were nervous that using -- that using the  
3 term purchase agreement or completion of the merger would  
4 contradict the previous declarations that had been filed in the  
5 state litigations, saying that they had purchased 100 percent  
6 of the assets of CLK.

7 Q. What declarations are you referring to?

8 A. These were declarations that Don Brady signed that were  
9 used in the state court litigations.

10 Q. Were these litigations relating to the payday loan  
11 business.

12 A. Yes, they were.

13 Q. At the time that these agreements relating to ecash were  
14 presented to the board, did you have any concerns with the  
15 purchase agreement?

16 A. I did.

17 Q. What were your concerns?

18 A. Well, I had that same concern, because I was familiar with  
19 the language of the declarations, and I was concerned too that  
20 it contradicted previous representations.

21 Q. Then once the agreement morphed from a purchase agreement  
22 to a licensing agreement, did you have any concerns about the  
23 licensing agreement?

24 A. I had huge concerns about the licensing agreement.

25 Q. What were your concerns?

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Williams - Direct

1 A. Because in its initial versions, the licensing agreement  
2 would have placed all the liability for any activities, civil  
3 or criminal, by Scott Tucker, Blaine Tucker, and other  
4 employees of the loan company, and all of the liability for  
5 those actions would have been placed on the tribe, and the  
6 tribe didn't have the resources to pay anything, they didn't  
7 have the money.

8 Q. Was there an AMG board meeting in February 2012 in which  
9 these transactions regarding ecash were discussed?

10 A. I couldn't tell you the exact date, but yes, there would  
11 have been.

12 Q. Did you also participate in drafting minutes for the  
13 meetings of AMG?

14 A. Yes, I was the recording secretary for AMG and MNES.

15 Q. Did you draft the minutes during that time period?

16 A. I did.

17 Q. Were you ever asked to send minutes to anyone for their  
18 review or comment?

19 A. That was the first -- yes, that particular meeting, that  
20 was the first time I was ever asked to send minutes to anyone  
21 else.

22 MR. RAVI: Please put on the screen Government Exhibit  
23 401.

24 Q. Do you recognize this e-mail?

25 A. I do.

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Williams - Direct

1 MR. RAVI: The government offers Government Exhibit  
2 401.

3 MR. BATH: No objection.

4 MR. GINSBERG: No objection.

5 THE COURT: Received.

6 (Government's Exhibit 401 received in evidence)

7 MR. RAVI: Would you please publish that and turn to  
8 the bottom e-mail.

9 If you can turn to the to/from line.

10 Q. Who did you send this e-mail to, Ms. Williams?

11 A. To Conly Schulte and Tim Muir.

12 Q. Who did you copy?

13 A. Don Brady and myself.

14 Q. Is it dated February 7, 2012?

15 A. It is.

16 MR. RAVI: Go to the next page, please.

17 Q. Can you read what you wrote?

18 A. "Attached are copies of draft minutes of AMG board and MNE  
19 Services board meetings held February 1, 2012. Don Brady asked  
20 that I forward these to you for your review. Please submit  
21 comments, if any."

22 MR. RAVI: Go to the first e-mail in that chain.

23 Q. Did you receive any comments from Mr. Muir on the board  
24 minutes that you drafted?

25 A. I did.

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Williams - Direct

1 Q. Was Mr. Muir in attendance at that meeting?

2 A. He was not.

3 Q. But yet you still sent it to him to review?

4 A. Yes, I was told to.

5 Q. By Mr. Brady, correct?

6 A. Yes.

7 MR. RAVI: Can we turn now to the attachment.

8 Q. Is this attachment on page 3 a draft of the board minutes  
9 for February 1, 2012?

10 A. Yes.

11 Q. If you can focus in on Roman numeral V, old business.

12 Can you please read this paragraph?

13 A. "Old business: Chairman Gamble reviewed status of  
14 negotiations between AMG and Scott Tucker regarding acquisition  
15 of proprietary software and other intellectual properties to  
16 expand AMG's capabilities of servicing online short-term loan  
17 portfolios as well as completion of the transaction documents.  
18 No action was required."

19 Q. So some part in here is underlined, correct?

20 A. Yes. This was a red-line version.

21 Q. So what were the changes that Mr. Muir provided to you?

22 A. Mr. Muir inserted the phrase "to expand AMG's capabilities  
23 of servicing online short-term loan portfolios as well as," and  
24 then he deleted the word "merger" and added the word  
25 "transaction."

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Williams - Direct

1 Q. Thank you.

2 Let's turn now to Government Exhibit 402.

3 Are you familiar with this?

4 A. Yes.

5 MR. RAVI: The government offers Government Exhibit  
6 402.

7 MR. BATH: No objection.

8 THE COURT: Received.

9 (Government's Exhibit 402 received in evidence)

10 Q. Ms. Williams, is this another e-mail in that same e-mail  
11 chain?

12 A. Yes, it is.

13 Q. Is this e-mail from Conly Schulte?

14 A. Yes, it is.

15 Q. What does Mr. Schulte sending you?

16 A. His suggested edits.

17 Q. Are these edits to the same draft of the board minutes?

18 A. They are. It's another red-line version.

19 Q. Let's go to that attachment.

20 Where is there any changes that are suggested or given by  
21 Mr. Schulte?

22 A. In Roman numeral V, under old business. Mr. Schulte  
23 deleted the phrase "completion of merger documents."

24 Q. Is that the only change that Mr. Schulte provided to you?

25 A. Yes.

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Williams - Direct

1 Q. So did both Mr. Muir and Mr. Schulte delete the word  
2 "merger" in the draft of the minutes that you provided?

3 A. Yes, they did.

4 Q. And neither of them were present at this board meeting,  
5 correct?

6 A. No, they were not.

7 Q. What is the merger that you're referencing?

8 A. The merger was the merger of AMG Services with CLK in 2008.

9 Q. Did you have any discussions with Mr. Brady about why these  
10 changes were made by Mr. Muir and Mr. Schulte?

11 A. The changes were made because of the same concerns that I  
12 had, which was that using the term merger contradicted  
13 Mr. Brady's previous representations that they had acquired 100  
14 percent of the assets of CLK in 2008.

15 Q. Again, what was the date of this meeting?

16 A. The meeting for where the red-line minutes were received?

17 Q. Yes.

18 A. February 1, 2012.

19 Q. When did that supposed merger take place between CLK and  
20 AMG?

21 A. In June of 2008.

22 Q. Now, Ms. Williams, what was the name of the licensing  
23 agreement that you discussed earlier?

24 A. We referred to it as the BA Services agreement.

25 Q. What is BA Services?

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Williams - Direct

1 A. BA Services was a company owned by Scott Tucker.

2 Q. At some point while the purchase agreement and the  
3 licensing agreement relating to the ecash system were being  
4 presented to the AMG board, did you begin to have concerns  
5 about the loan company in the spring of 2012?

6 A. I did.

7 Q. Describe these concerns.

8 A. It was a cumulative process. In early 2012, Don was  
9 interviewed because of a tax audit on AMG and MNE Services for  
10 withholding, and he himself was concerned because he didn't  
11 have the information that he thought he should have in order to  
12 answer the questions properly.

13 Then there was the treatment of the mail. The bank  
14 statements were mailed. They were not opened. They were  
15 FedEx'd overnight back to the Kansas City office. All or most  
16 of the mail was handled -- with the exception of letters that  
17 were received from consumer departments and offices of attorney  
18 general, which went to the law firm, the other mail was just  
19 sent unopened to Kansas City.

20 Q. Are we talking about bank statements, for example?

21 A. Yes.

22 Q. Were these bank statements relating to the payday loan  
23 business?

24 A. Yes.

25 Q. Where were they received?



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Williams - Direct

1 A. They were received at the P Street address, 3531 P Street  
2 NW, in Miami, which was the office of the MNE.

3 Q. What was done this mail when it was received at the Miami  
4 tribe?

5 A. It was just FedEx'd overnight unopened.

6 Q. To where?

7 A. Early on. And then at one point later in time, when the  
8 MNE Services board began to have some concerns, then we opened  
9 it and made copies and FedEx'd them on.

10 Q. Where was this all FedEx'd?

11 A. To the Overland Park office.

12 Q. To whose attention?

13 A. Natalie Dempsey.

14 Q. Who is Natalie Dempsey?

15 A. Natalie Dempsey was -- I think she functioned as Blaine  
16 Tucker's assistant, but she was the person we dealt with for  
17 all of the banking information.

18 Q. Describe specifically what your concern was regarding the  
19 payday loan business.

20 A. Well, it became more and more apparent to me that  
21 everything that was in the declarations, which was my initial  
22 exposure to how this thing was supposed to be operating, that  
23 it was all a scam. There were no decisions made about the loan  
24 company. There was no control over the loan company. There  
25 was no access to the financial information. When the MNE

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Williams - Direct

1 Services board attempted to get errors and omissions insurance  
2 for the board members, they couldn't get it because they  
3 wouldn't release the financial information to her in order to  
4 apply for the insurance.

5 Q. Who wouldn't release the financial information?

6 A. Gena Lankford and Scott Tucker would not release the  
7 information.

8 Q. Ms. Williams, at some point did you have a conversation  
9 with Mr. Brady that confirmed some of these concerns?

10 A. I did.

11 Q. Did you record that conversation?

12 A. I did.

13 Q. Why did you record it?

14 A. I had been very vocal, very, very vocal against them  
15 signing the BA Services agreement because of all the liability  
16 that it put on the tribe and --

17 THE COURT: Slow down. Back up.

18 Say what you're saying slowly.

19 A. Thank you.

20 I had been very vocal in opposition to the BA Services  
21 agreement because I had great concerns that the tribe did not  
22 have the resources, and since they had no access to the money  
23 except for the 1 percent that they got, that they wouldn't be  
24 able to pay any fines or penalties associated with either the  
25 IRS audit or the BA Services agreement or any of the state

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1     litigations; and because of that, I thought when Don came in my  
2     office that day he was going to fire me because he was very  
3     angry.

4     Q.   So is that why you recorded the conversation?

5     A.   He started the conversation and I thought, well, this is  
6     it, and my phone was lying on my desk next to my office phone,  
7     and for some reason I just picked it up and decided to turn it  
8     on.

9     Q.   Did you also record a couple of other conversations with  
10    Mr. Brady?

11   A.   I did subsequently.

12   Q.   Why did you record those conversations?

13   A.   I wanted a record to show that I had tried to talk him out  
14   of this, that I tried --

15           THE COURT:   Here.

16           THE WITNESS:  Thank you.

17   Q.   Take your time, Ms. Williams.

18   A.   That I tried to get him to do the right thing.

19   Q.   Ms. Williams, you recorded these on your phone?

20   A.   Yes, on my cell phone.

21   Q.   I am going to hand you now, Ms. Williams, what has been  
22   marked as Government Exhibit 415.

23           Do you recognize that?

24   A.   I do.

25   Q.   This government exhibit contains Government Exhibits 404,

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Williams - Direct

1 406, 407, 408, 409, and 410.

2 Ms. Williams, have you initialed that CD that's Government  
3 Exhibit 415?

4 A. I have.

5 Q. What date did you initial it?

6 A. September 18, 2017.

7 Q. Is that a date that you listened to Government Exhibits  
8 407, 408 and 409?

9 A. Yes.

10 Q. Are those excerpts of recordings with Mr. Brady?

11 A. Yes, they are.

12 Q. The ones that we just discussed?

13 A. Yes.

14 Q. Are those excerpts that you heard fair and accurate copies  
15 of the recordings that you made?

16 A. Yes.

17 MR. RAVI: The government offers just Government  
18 Exhibits 407, 408 and 409 into evidence.

19 THE COURT: Received.

20 (Government's Exhibits 407, 408 and 409 received in  
21 evidence)

22 Q. Now, Ms. Williams, I am also going to hand you a binder.

23 You can look at Government Exhibits 408T, 409T and 410T.

24 A. Yes.

25 Q. Are those transcripts of the excerpts of the recordings

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Williams - Direct

1 that we just discussed?

2 A. Yes, they are.

3 Q. Have you reviewed those transcripts?

4 A. I have.

5 Q. Have you also initialed them?

6 A. Yes.

7 Q. Did you initial them on September 18, 2017?

8 A. Yes.

9 Q. Did you review these transcripts while you were listening  
10 to the recording?

11 A. I did.

12 Q. Are those transcripts true and accurate transcriptions of  
13 the excerpts of the recordings that are Government Exhibits  
14 408, 409 and 410?

15 A. Yes.

16 MR. RAVI: The government offers Government Exhibits  
17 408T, 409T and 410T.

18 THE COURT: Any objection?

19 MR. BATH: These are the transcripts that are offered  
20 to assist and aid. No objection.

21 THE COURT: They are received.

22 (Government's Exhibits 408T, 409T and 410T received in  
23 evidence)

24 THE COURT: Ladies and gentlemen, I should explain to  
25 you that the transcripts themselves are not the evidence. The

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Williams - Direct

1 recordings are the evidence. The transcripts are aids for you  
2 to follow the recordings, which are the evidence. If you hear  
3 something different when you listen to the recordings than what  
4 you see on the transcript, it's what you hear that controls.  
5 They are simply to help you in listening to the actual  
6 recording.

7 Yes, you may distribute them.

8 BY MR. RAVI:

9 Q. Ms. Williams, turning to the first recording you made with  
10 Mr. Brady, where did that recording take place?

11 A. In my office at the P Street office.

12 Q. What was leading up to that recording? Is that what you  
13 had just described regarding Mr. Brady appearing to be angry?

14 A. Yes.

15 MR. RAVI: If I could ask the jury as well to turn to  
16 Government Exhibit 408T in their binder.

17 THE COURT: 408T. Go ahead.

18 MR. RAVI: We can go ahead and play Government Exhibit  
19 408.

20 Q. Before we do that, Ms. Williams, what is the date of this  
21 recording?

22 A. June 12, 2012.

23 Q. And this is between you and Mr. Brady, correct?

24 A. Yes.

25 Q. We will start on page 1 of the transcript.

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Williams - Direct

1 MR. RAVI: You can play the recording.

2 (Audiotape played)

3 Q. Ms. Williams, what do you understand Mr. Brady to be  
4 talking about when he is talking about bank accounts?

5 A. He was saying that all of the bank accounts, except -- he  
6 was saying all of the bank accounts were Scott Tucker's bank  
7 accounts, even the ones that had the tribe's name on them, even  
8 the ones in MNE Services and AMG.

9 Q. At line 8, when Mr. Brady says "everything is still going  
10 to be coming in the new thing is still coming our way uh, more  
11 and more as whatever his, he's got coming out of that."

12 What did you understand Mr. Brady to be referring to?

13 A. He was talking about the BA Services agreement and the  
14 representations in it that implied that the tribe would be  
15 getting more money, but they weren't really getting any more  
16 money, they were just taking on all of the liability. And  
17 there had been an overture, as an incentive to get the tribe to  
18 sign off on the BA Services agreement, Scott had offered to pay  
19 them a dollar per loan going forward. So they were  
20 anticipating receiving a lump sum amount.

21 MR. RAVI: We can now play the next portion of  
22 Government Exhibit 408. It begins on line 12 of page 1 of the  
23 transcript.

24 (Audiotape played)

25 Q. Let's go ahead and continue to the next portion.

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1 (Audiotape played)

2 THE COURT: We are going to break, ladies and  
3 gentlemen.

4 Mr. Ravi, you may be seated.

5 First of all, to those who will be observing the  
6 holiday, good yontif. For the rest of you, enjoy your time  
7 off. And let me remind you of how serious it is that you  
8 follow the instructions. You are a great jury. You listen to  
9 the evidence, you watch the witnesses, you pay attention. And  
10 it's important that you follow the instruction not to discuss  
11 the case with anyone. That's a hard thing to do, as you go  
12 back to your daily lives, not to discuss the case with anyone.

13 Remember what I told you about a little bit of  
14 mystery. Anybody who asks, I'm under a court order. You might  
15 add, You don't want to see me go to jail over this, do you? I  
16 am required to comply with the judge's order that we not  
17 discuss the case, that I not discuss the case with anyone. And  
18 that order also includes doing any research on your own. I  
19 told you that would be terribly unfair to one side or the  
20 other, and you wouldn't want a jury of people that were doing  
21 such things if you or a family member were involved in a case.  
22 So please observe those instructions.

23 Now, having said all of that, I hope you enjoy your  
24 time off. I am going to miss you. I hope you miss me. Please  
25 leave your notepads in the jury room. Please leave these



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1 binders at your seat. They will be here when you come back.  
2 And see you bright and early for a 10:00 start on Monday. And  
3 Mondays it's a little difficult getting in traveling, and it's  
4 also a little bit difficult getting into the building, so  
5 please arrive early so we can have a good 10 a.m. start.

6 Thank you so much, ladies and gentlemen. A lot more  
7 to come so keep an open mind.

8 (Jury exits courtroom)

9 THE COURT: And to all of you I wish, to the extent  
10 applicable, a good holiday, and if otherwise not applicable, I  
11 hope you get reacquainted with your family over the few days  
12 that you have off, and I will see you bright and early on  
13 Monday morning.

14 MR. GINSBERG: Thank you, your Honor.

15 THE COURT: We are adjourned. Thank you.

16 (Adjourned to September 25, 2017, at 10:00 a.m.)  
17  
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